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FIFTEENTH ANNUAL GENERAL REPORT  
OF THE COUNCIL  
OF THE  
CORPORATION OF FOREIGN  
BONDHOLDERS.

*Incorporated on the First of August, 1873;*

*By Licence of the Board of Trade,*

---

**For the Year 1887.**

---

TO BE SUBMITTED TO THE  
GENERAL MEETING OF MEMBERS OF  
THE CORPORATION,

CONVENED FOR

THE 1st of MARCH, 1888, at 3 O'CLOCK P.M.,

*At the Councilhouse, 17, Moorgate Street,  
in the City of London.*

---

LONDON:  
COUNCILHOUSE, No. 17, MOORGATE STREET,  
FEBRUARY, 1888.

PRINTED IN GREAT BRITAIN.

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COUNCILHOUSE, No. 17, MOORGATE STREET,  
FEBRUARY, 1888.

CS

## MEMBERS OF THE COUNCIL.

RIGHT HON. EDWARD PLEYDELL BOUVERIE, *Chairman.*

SIR JOHN LUBBOCK, BART., M.P., F.R.S., } *Deputy*  
RICHARD BIDDULPH MARTIN, ESQ., } *Chairmen.*

GENERAL SIR GEORGE BALFOUR,  
K.C.B., M.P.

CHARLES E. BARNETT, ESQ.

FRANCIS BENNOCH, ESQ.

RIGHT HON. G. A. F. CAVENDISH  
BENTINCK, M.P.

LIONEL N. BONAR, ESQ.

HYDE CLARKE, ESQ.

THE RIGHT HON. LORD CONNEMARA.

JOHN HENRY DANIELL, ESQ.

ROGER EYKYN, ESQ.

W. R. FARQUHAR, ESQ.

W. R. MALCOLM, ESQ.

HIS HONOUR JUDGE SNAGGE.

CORNELIUS SURGEY, ESQ.

GEORGE CAVENDISH TAYLOR, ESQ.

THE RIGHT HON. SIR EDWARD  
THORNTON, G.C.B.

WILLIAM TROTTER, ESQ.

SIR HENRY W. TYLER, M.P.

LIEUT.-GEN. SIR LUTHER VAUGHAN,  
K.C.B.

### Consulting Secretary.

HYDE CLARKE, ESQ.

### Secretary.

CHARLES O'LEARY, ESQ.

### Solicitors.

Messrs. TRAVERS SMITH & BRAITHWAITE.

Messrs. NORTON, ROSE, NORTON & CO.

### Notary.

WILLIAM GRAIN, ESQ.

### Auditors.

Messrs. COOPER, WINTLE & CO.

### Bankers.

Messrs. ROBERTS, LUBBOCK & CO.

295005

# The Corporation of Foreign Bondholders.

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## NOTICE OF GENERAL MEETING.

NOTICE IS HEREBY GIVEN that the SIXTEENTH ORDINARY GENERAL MEETING of the CORPORATION OF FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 17, Moorgate Street, in the City of London, on THURSDAY, the 1st day of MARCH, 1888, at Three o'clock, p.m., for the following purposes :—

- (1.) To consider the Report of the Proceedings of the Council, and the Statement of Accounts made up to the 31st December, 1887.
- (2.) To elect four Members of the Council, in the place of Mr. C. Surgey, Mr. G. Cavendish Taylor, Mr. W. Trotter, and Sir H. W. Tyler, who retire by rotation, but, being eligible, offer themselves for re-election.
- (3.) To elect Auditors for the ensuing year. Messrs. Cooper, Wintle, Sainsbury & Co., the retiring Auditors, offer themselves for re-election.
- (4.) To transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

By order of the Council,

CHARLES O'LEARY,

*Secretary.*

COUNCILHOUSE, ...

17, MOORGATE STREET, E.C.,

16th February, 1888.

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# FIFTEENTH REPORT OF THE CORPORATION OF FOREIGN BONDHOLDERS.

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THE Council has the honour to present its Fifteenth Annual Report to the members of the Corporation.

1. A reference to the Balance-sheet will show an excess of Income over Ordinary Expenditure of £8,972 15s. 8d., of which £8,500 has been added to the Corporation Fund.

2. In the Appendix will be found the usual statistical and other information concerning the public Debts of the different States in which the Corporation and the Committees domiciled in its office are concerned.

3. Although the political uneasiness in the East, alluded to in the Report for the year 1886-87, has rather increased than diminished during the past year, and it is impossible to foresee how or when it will disappear, the remarks in regard to Turkey, which, from information received, the Council is able to submit, are rather of an encouraging character than otherwise. It is true that whilst political conditions have been adverse, and have caused the continued absence of a great part of the vigorous and industrious portion of the population from agricultural pursuits, nature also has been unfavourable

TURKEY.

to material prosperity in Turkey, a severe drought in the spring of the year having been followed by a failure of crops, which in parts of Asia Minor amounted to a famine. In spite, however, of these circumstances, which might certainly have been held to be a sufficient excuse for a considerable falling-off in the Revenues administered and collected by the Council of Administration of the Ottoman Public Debt, no such falling-off has occurred; the Revenues have practically remained stationary. When it is further remembered that the year 1886-87 gave such exceptionally good returns, as were shown in the Report of the Council of Administration for that year—namely, an increase over the preceding year, in round numbers, of £T.80,000, this may be considered to be a satisfactory result. It marks again how great is the elasticity of the ceded Revenues under careful administration. It may be added that, although the Council has not the figures at hand to state its precise amount, there has again been a decrease in the Tobacco Tithe. However, as a matter of fact, the Revenues directly administered have increased, though not at the same rate as in the year 1886-87.

For the coming year, there appears to be no danger of a recurrence of famine, great quantities of rain having already fallen in the affected districts. It is thus hoped that the Revenues will resume their progressive movement. Moreover, as stated in the valuable Report on the first quinquennial period, lately issued by Mr. Vincent Caillard, the Bulgarian Government on November 15th last decided to resume payments of the Eastern Roumelian Tribute. This decision was arrived at after somewhat lengthy negotiations opened by the Council of Administration in the month of August. The task of



conducting these negotiations at Sofia was entrusted by that Council to Monsieur Noblet, their Secretary-General. The able manner in which that gentleman accomplished his mission is sufficient evidence of the wisdom of the choice. The success obtained is, perhaps, the more remarkable that, in the expressed opinion of many competent persons, the Council of Administration was embarking upon a venture which was destined to fail. Even after the decision of the Bulgarian Government became publicly known, and the Sobranje had voted its approval, and made provision to effect the first annual payment, much incredulity subsisted as to its being really carried into execution. Now, however, no further doubt can remain, since the first monthly instalment has been paid, and the necessary orders given by the Bulgarian Government to the National Bank to continue the monthly payments with the utmost regularity. It is so much to the interest of Bulgaria herself that there should be no further default in this matter, that, whilst there is good reason for congratulating her upon the wisdom of her recent decision, there appears to be none for supposing that she will be induced to allow anything to interfere with the regular fulfilment of the obligations which she has recognised.

The annual amounts to be paid have been, it is true, reduced from those laid down by the Organic Statute, or even from those paid before the rising in Eastern Roumelia of September, 1885. The Bulgarian Government contended that both the letter and the spirit of the Statute obliged it to pay to the Turkish Treasury three-tenths only of the Revenues of the Province of Eastern Roumelia ; the sums laid down by the International Com-

mission in an Appendix to the Statute, as representing those three-tenths, it declared to be excessive, and quite inadmissible. Unless, therefore, the Council of Administration of the Ottoman Public Debt were willing to break off the negotiations before they had fairly commenced, it was necessary to give up all idea of the amounts fixed in the Appendix above-mentioned, and to accept, as a basis of negotiation, the three-tenths mentioned in the Organic Statute. This they wisely decided to do; and, after much discussion, the three-tenths were fixed at £T.130,000 per annum. To this was added a yearly amount of £T.20,000 in gradual payment of the formidable total of arrears, acknowledged by the Bulgarian Government to reach (under the modified manner of calculating the three-tenths) a sum of about £T.440,000. It is believed that the Bulgarian Government intends soon to endeavour to raise a Loan, part of the proceeds of which will be applied to the reduction of these heavy arrears. In any case, the result of the arrangement described will be to bring an increase, in comparison with the last two years, to the Revenues accruing to the Ottoman Public Debt of £T.150,000 per annum.

A full Report on the position of the Tobacco Régie will be found in the Appendix.

#### VIRGINIA.

4. The Virginia State Debt, perhaps more than any other, has claimed the anxious attention of the Council and of the Committee of Virginian Bondholders throughout the year 1887. In addition to the labours imposed on them by the vexatious litigation which the unconstitutional policy of the State had rendered inevit-

able, a portion of the spring and summer was devoted to an earnest attempt at amicable negotiation with a Committee appointed for that purpose by the local Legislative Assembly. This delicate and important mission was entrusted by the Council to Sir Edward Thornton, G.C.B., who, as a British Diplomatist of great eminence, had been long and favourably known in America, and whose intimate acquaintance with American institutions and public men, rendered him singularly qualified for the task. With him was associated Mr. S. N. Braithwaite, the able legal adviser of the Corporation. But, notwithstanding the conciliatory spirit in which the task was undertaken, the skill with which it was conducted, and the extremely favourable terms of compromise offered to the State, the effort failed. This failure, however much to be lamented, has had, at least, the good effect of showing the reasonable disposition of the Bondholders to make considerable sacrifices for the sake of peace. Litigation therefore, had to be resumed, and this has been done with energy, and as regards the main question at issue, with uniform success. It is true that a recent decision of the Supreme Court of the United States has given rise to the belief, which the State authorities have laboured to propagate, that former decisions in favour of the Bondholders have been reversed by it. Far from this being the case, it may be safely asserted that, as regards the point upon which the entire question turns—viz., the irrevocable nature of the contract between the State and her creditors, and the obligation of the State to fulfil it—the decision in question is as favourable as, and more conclusive than, previous sentences by the same Court.

Concurrently with the litigation, and with a view to

give practical effect to the decisions of the Supreme Court, a central Agency has been established in Richmond, with sub-Agencies throughout the State, for the purpose of facilitating and stimulating the use of Coupons in payment of taxes. By this means the State has been already compelled, notwithstanding her obstructive tactics and unconstitutional legislation, to receive Coupons at their par value for a not inconsiderable amount. And it is confidently expected that the Agencies, when more systematically organised, as is contemplated, will largely develop the use of Coupons by taxpayers, and thereby insure the success of this long and costly struggle. It should be observed that the benefits conferred by these Agencies are extended only to the holders of Virginia Bonds who have paid the assessments levied by the Committee.

5. A return to a wiser and more honest financial policy has been observable within GUATEMALA. the last few years among the defaulting Spanish-American States. Mexico, Costa Rica, and Paraguay, are the most recent instances of this salutary change. To these may now be added Guatemala, whose proposal of settlement of her External Debt has been conditionally accepted by a general meeting of Bondholders, and awaits only the arrival of the Commissioners appointed by the State, in order that the preliminary conditions to its completion should be arranged.

A noteworthy feature of this proposal is that it has been made after various attempts at negotiation—for the most part, it is true, entirely unauthorised by the Council and Committee of Bondholders—had completely failed,

and when little hope of an early settlement was entertained.

6. Another indication of the return to a better appreciation of the value of financial credit among these South American States, is afforded by the very recent invitation which the Government of Colombia has despatched to the Council to send an Agent to Bogotá, to re-open negotiations for the settlement of the debt of that Republic, which is one of the most important of the South American Continent, and which, until a few years ago, was one of the most punctual in the fulfilment of its financial obligations. The Council has accepted the invitation, and will shortly comply with the wishes of the Colombian Government, in the hope that these negotiations may terminate in a satisfactory adjustment of the financial questions between the Government and its External creditors.

7. The arrangements in connection with the Debt of Paraguay, which were fully described in the last Report, have, so far as they could be carried out in London, been accomplished with success and rapidity. The Conversion of the Debt is all but finished, and the three Coupons which have matured since the Agreement was entered into have been punctually paid. There remained, however, another, and, from the nature of the case, more arduous operation to perform, viz., the selection in Paraguay of 500 leagues of public lands granted to the Bondholders in compensation of the arrears of interest surrendered by them to the Government. This task was confided to Mr. Henry

Valpy, a gentleman well qualified to undertake it, professionally as well as by previous residence in the country. The result of Mr. Valpy's exertions, which have come to a close, appear to be satisfactory, and will form the subject of a special Report on his arrival in England, now very shortly expected.

8. The Agreement entered into with Santo Domingo in 1886 has not received the ratification of the Dominican Congress, without which it cannot be carried out; and as will be seen by the correspondence published in the Appendix, the Government of the Republic have repudiated it.

9. In accordance with the provisions of the Articles of Association, Mr. C. Surgey, Mr. G. Cavendish Taylor, Mr. W. Trotter, and Sir Henry W. Tyler retire from the Council by rotation, and, being eligible, offer themselves for re-election.

10. The lamented death of Lord Kinnaid, one of the oldest and most valued members of the Council, having created a vacancy in the Council, it has been filled by the election of the Right Hon. Sir Edward Thornton, G.C.B.

11. Messrs. Cooper, Wintle, Sainsbury & Co., the retiring Auditors, offer themselves for re-election.

E. P. BOUVERIE,

*Chairman.*

CHARLES O'LEARY,

*Secretary.*

16th February, 1888.

## Appendix to Report.

## COLOMBIA, REPUBLIC OF.

Principal of $4\frac{3}{4}$ % External Bonds of	
1873, in circulation...	£1,913,500
Coupon Arrears and Interest Certificates to	
1st April, 1888	805,643
Total	<u>£2,719,143</u>

## Colombian Committee.

The Right Hon. E. Pleydell  
Bouverie, *Chairman*.

The Right Hon. G. A. F.  
Cavendish Bentinck, M.P.

L. N. Bonar, Esq.

M. Castello, Esq.

Hyde Clarke, Esq.

Roger Eykyn, Esq.

L. R. Lack, Esq.

Charles Penruddocke, Esq., J.P.

Christopher Rowlands, Esq.

G. N. Strawbridge, Esq.

C. Surgey, Esq.

Lieut.-Gen. Sir J. Luther  
Vaughan, K.C.B.

E. Wright, Esq.

*Secretary.*

Charles O'Leary, Esq.

*Bankers for the  $4\frac{3}{4}$  per Cent. Loan.*  
London and County Bank.

*Agent at Bogotá.*

Arthur Malo O'Leary, Esq. of  
H.B.M.'s Legation.

The Mission of General Rafael Reyes, the Special Commissioner appointed by the Government of this Republic for the settlement of the External Debt, upon the bases given in the last Report, ended in failure. It will be remembered that the Scheme which was authorised by Congress provided for the issue of a New Loan for £3,000,000. This General Reyes, after a prolonged stay in Europe, failed to obtain, and returned to Colombia in May last.

Quite recently the Colombian Minister for Foreign Affairs has officially intimated to the Council the desire of his Government that negotiations for the settlement of the Debt should be renewed. In response to this invita-



tion, the Council has agreed to send, as early as circumstances will admit, an Agent to Bogotá with sufficient powers to negotiate an arrangement.

No detailed statistics of the trade and commerce of the Republic have been published since the issue of the last Report.

From a Consular Report the trade of the Port of Carthagena for the years 1877 and 1883-6, was as follows :—

Year.				Imports.	Exports, including Bullion.
1877	...	...	...	\$420,552	\$666,390
1883	...	...	...	1,022,607	1,677,071
1884	...	...	...	912,230	1,774,282
1885	...	...	...	1,002,631	1,165,010
1886	...	...	...	1,593,423	2,463,765

The Government has signed a contract for the completion of the Girardot and Bogotá Railroad. The section already constructed from Girardot to Juntas de Apulo, at a cost of \$900,000, will represent Shares in the Company held by the Government. The cost of the work is not to exceed \$35,000 per kilometre, and an exclusive privilege for working the Railway over this route is granted for forty years, at the expiration of which the line will be handed over to the Government. This Railroad will serve as a connecting link between the Capital and the Magdalena—the principal artery of the Republic—and render more accessible some of the richest and more densely populated Interior Provinces.

Subjoined is the Budget for the biennial period commencing 1st January, 1887, and ending 31st December, 1888 :—

**BUDGET FOR THE PERIOD COMMENCING 1ST JANUARY, 1887, AND ENDING  
31ST DECEMBER, 1888.**

16

REVENUE.		EXPENDITURE.	
		<i>Home Department—</i>	
Customs	...	Interior	...
Salt Works	...	Justice	...
Unredeemed Property	...	Pensions	...
National Lands	...	Post Office	...
Post Office	...	Telegraphs and Telephones	...
River Dues	...	Foreign Office...	...
Panama Railway	...	Finance	...
Sundries	...	War Department	...
Telegraphs	...	Public Instruction	...
National Stamps and Stamped Paper	...	<i>Treasury—</i>	
Consular Fees at New York, Liverpool, Southampton, Saint Nazaire, Havre and Hamburg	...	Treasury	...
National Slaughter Tax	...	National Debt	...
Coinage	...	Unredeemed Property	...
Match Monopoly	...	<i>Fomento—</i>	
Playing Cards Monopoly	...	Fomento	...
Cigarette Tax	...	Public Works	...
		National Agriculture	...
<b>Total</b>	<b>...</b>	<b>Total</b>	<b>...</b>
	<u>\$20,890,000</u>		<u>\$22,893,645.05</u>

Estimated Expenditure for the Biennial period 1887-8	...	\$22,893,645.05
" Revenue	"	20,890,000.00
Estimated Deficit	...	<u>\$2,003,645.05</u>

The following is a translation of the Note of the Colombian Government, inviting the Council to send a Commissioner to Bogotá for the settlement of the Debt. It confirms the telegraphic invitation previously referred to, and has been received while this Report was being printed :—

[*Translation.*]

MINISTRY OF THE TREASURY,  
BOGOTÁ, *January 7th*, 1888.

THE CHAIRMAN OF THE COUNCIL  
OF FOREIGN BONDHOLDERS.

SIR,

I have the honour to address myself to you in order to inform you, by command of the President of the Republic, that the Colombian Government are desirous of concluding, if possible, an arrangement with the holders of Bonds of their External Debt.

The Executive Power has, therefore, resolved to make this desire known to the Committee of Bondholders for their guidance. And as it would be desirable that the object in view should be carried out as soon as possible, the President desires me to suggest to you that the Committee should, if they think fit, send a Commissioner to Bogotá, with sufficient powers to negotiate the necessary arrangement, which would be submitted for the approval of Congress during the ordinary Session of that body, which opens on the 20th of July next.

I have the honour to be, etc.,

(Signed) CARLOS MARTINEZ SILVA.



## COSTA RICA.

Consolidated External Debt of 1886 ... £2,000,000

## Seven per Cent. Costa Rica Committee.

The Right Hon. E. Pleydell  
 Bouverie, *Ex-officio*.  
 G. Barham, Esq.  
 Francis Bennoch, Esq.  
 E. Lennox Boyd, Esq.  
 U. R. Burke, Esq.  
 T. Cave, Esq.  
 James Cooper, Esq.  
 T. Dowling, Esq.  
 W. E. Duncan, Esq.  
 Roger Eykyn, Esq.  
 W. Godfrey, Esq.  
 G. de G. Griffith, Esq., M.D.  
 Wm. Griffith, Esq.  
 G. D. Harris, Esq.

L. Harrison, Esq.  
 W. J. Harvey, Esq.  
 J. Cooke Harker, Esq.  
 Geo. Herring, Esq.  
 T. Hobday, Esq.  
 Saul Isaac, Esq.  
 G. A. King, Esq.  
 J. M. Louis, Esq.  
 H. Price, Esq.  
 A. W. Ray, Esq.  
 C. H. Stewart, Esq.

*Secretary.*

Charles O'Leary, Esq.

## Six per Cent. Costa Rica Committee.

G. T. Rait, Esq., *Chairman*.  
 The Right Hon. E. Pleydell  
 Bouverie, *Ex-officio*.  
 Tudor Crawshay, Esq.

F. Freeman, Esq.  
 H. Staples, Esq.  
*Secretary.*  
 Charles O'Leary, Esq.

The arrangement entered into in May, 1885, for the settlement and conversion of the External Debt of this Republic has now been fully carried into effect. The four Coupons on the New Bonds guaranteed by Mr. Minor C. Keith have been duly paid at the offices of the River Plate Trust, Loan, and Agency Co., Limited, on their maturity, and from the 1st January of the present year the Government of Costa Rica undertake to pay the interest on the Bonds.

It will be within the recollection of the Bondholders that the Customs receipts were to a large extent pledged for the redemption of the Internal Debt, an operation which has now been completed, and the proceeds of the Customs Duties, which were hitherto applied to that purpose, have since the 1st January been collected and paid to the Banco de la Union for account of the External Debt, in accordance with the agreement entered into between the Government and the Bondholders.

The Internal Debt originally amounted to \$3,000,000, and the time specified for its extinction was 31st December, 1887, but the last payment of \$285,348 was made on the 30th September, in addition to which the Government have redeemed \$25,000 of Government paper every month.

The conversion of the Bonds of the 1871 and 1872 Loans was closed on the 8th December. The Council are pleased to report that this has been a most successful operation, £937,500 of the 1871 Loan, and £1,734,100 of the 1872 Loan, making a total of £2,671,600, or 99·37 per cent. of the entire Debt, having been lodged for conversion.

The Costa Rica Railway Co., Limited, issued in March last the amount of £300,000 of First Mortgage Debentures, being the balance of £655,000 authorised by the Government under the Law of the 16th October, 1885. The first annual Report of this Company was circulated in October last, and the Council desire to direct the attention of the holders of Share Certificates to this document for information as to the progress of the Railway.

The Council would also call the attention of holders of

Share Certificates issued in connection with the conversion to the fact that the date fixed for the presentation of these documents for registration at the offices of the Railway Company expires on the 30th June next, after which date the Certificates issued by the Council will be valueless.

The general trade of the Republic is shown by the following table, which gives the Imports and Exports for the years 1884-6.

	Imports.	Exports.	Total Imports and Exports.
1884	£709,382	£843,922	£1,553,304
1885	732,184	695,300	1,391,484
1886	731,493	626,474	1,357,967

The export of Coffee during the years 1885 and 1886 is as follows:—

		Value.
1885 ...	8,627 tons ...	£480,000
1886 ...	8,070 „ ...	451,820

It is expected that the returns for 1887 will show an increased production, and much larger profits, owing to the improvement in the price of Coffee during the year.

Owing to the impetus given to the cultivation of Bananas by Mr. Keith, this new industry has increased in value fifty per cent. in two years, during which the exportation amounted—

	Bunches.	Value.
In 1885 ...	401,183 ...	£61,090
„ 1886 ...	599,742 ...	93,112

In this industry also a large increase is expected. The returns for 1887 have not yet reached the Council; but it was estimated that the exports would be from 70,000 to 80,000 bunches a month.

The receipts from the Custom House, distilleries, and

the tobacco tax, realised over \$1,500,000 during the first six months of 1887.

The following particulars are taken from the Report of the Secretary for Finance and Commerce for the year ending 31st March, 1887.

#### INTERNAL DEBT.

The Balance outstanding at the end of March, 1886, was \$873,826.03, including Preferred Bonds and interest. The following amounts have been redeemed during the year :—

Cedulas, principal	...	...	\$349,100
Do. interest	...	...	163,373
Preferred Bonds	...	...	5,950
Interest on ditto	...	...	2,489
Total	...	...	<u>\$520,912</u>

To this total should be added—

Commission paid to the Bank for service of the Debt	...	6,906.75
Bringing the total to	...	<u>\$527,818.75</u>

Without taking into account Preferred Stock in circulation, which may come in for payment during the year (viz., \$844,79, out of \$414,767.14 outstanding in November, 1882), the amount of Internal Debt which will have been paid off on the 31st December, 1887, will be as follows :—

Principal	...	...	...	\$270,200
Interest	...	...	...	156,623
				<u>\$426,823</u>



Thus, in five years, the Treasury will have paid off \$2,626,842.83, including the above-mentioned \$844.79, and \$633.59 for interest.

#### PAPER MONEY.

In accordance with arrangements made with the Union Bank, the contract for the withdrawal from circulation of \$598,683.25 paper money, which had been postponed, was put into operation, and on the 22nd of January, 1887, \$25,000 were collected and burnt. A like quantity will be withdrawn every three months, so that the first issue of paper currency will be paid off within the proposed period.

The balances outstanding on the 31st March, 1887, were as follows :—

War issue	...	...	...	\$471,300.00
Former issue	...	...	...	573,683.25
				<u>\$1,044,983.25</u>

It is not proposed to redeem the war issue at present, but to wait until the former issue has been withdrawn, as there is no danger of its depreciation, and the employment of it assists the development and progress of the nation.

#### REVENUE.

The nett Revenue was \$2,435,189.92, against \$2,387,290.15 in 1885-6, which is an increase of \$47,899.77.

This appears a small improvement, but it will presently be pointed out, when treating of Railway and Customs receipts, that the real increase for the year should be upwards of \$100,000.

## LIQUORS AND TOBACCO.

The following table gives the movement of Revenue from these two monopolies for the last three years :—

	Liquors.	Tobacco.	Total.
1884-5	\$737,841.24	\$224,348.76	\$962,190.00
1885-6	747,750.78	466,675.86	1,214,426.64
1886-7	793,794.92	517,093.45	1,310,888.37

The total increase shown for 1886-7 is thus \$96,461.73; but this does not include orders for \$4,391.46, drawn before the 31st March by the Union Bank on the National Manufactory. Including this, the increase is equal to \$100,853.19.

In this connection it is interesting to observe that home manufactured liquors are obtaining the preference over foreign, the increase for both kinds for the last year being only \$46,044.14, while there was an extra demand for home manufactured spirit of \$70,024.91.

## CUSTOMS.

The nett revenue from Customs is \$826,300.74, against \$854,765.31 for 1885-6, or a decrease of \$28,464.57. But the decrease is more apparent than real, for the value of Imports increased, as shown below :—

Imports for 1885-6	...	\$3,428,696.00
" 1886-7	...	4,562,726.95
Gross increase	...	\$1,134,030.95
And deducting value of Railway material imported duty free	...	718,345.95
The nett increase becomes...		<u>\$415,685.00</u>

The floods in the winter of 1886, and the destruction of important bridges on the Atlantic Railway, caused a disturbance of traffic, which was, no doubt, largely responsible for the diminished yield of Customs revenue. It is, therefore, thought that an estimate of \$900,000 for this branch of Revenue for the coming year may prove correct.

The value of Exports has been as follows for the two years :—

	1885.	1886.
Coffee ... ..	\$2,486,643	\$2,259,262
Bananas ... ..	302,457	476,775
Hides ... ..	79,374	95,754
Gold in bar ... ..	.....	27,340
Timber ... ..	101,228	39,239
Sundries ... ..	97,255	120,787
Silver Coin ... ..	\$3,066,957	\$3,019,157
	229,351	246,650
	\$3,296,308	\$3,265,807

The exports of coin are shown above separately to distinguish them from national products. They consist for the most part of foreign silver, and therefore do not form a source of national wealth.

Interest on money has kept at a low rate, viz., from 9 to 12 per cent. per annum. Two years ago the rate went up in the summer to from 18 to 24 per cent.

Notwithstanding that the circulation is a fiduciary one, the mean rate of exchange has been lower, quotations having been 28 to 35 per cent. as against 25 to 55 per cent. in 1885-6. The payment of the service of the

External Debt will no doubt raise the rate by increasing the demand for bills, but the Government is engaged in devising a scheme of payment, by which it is hoped that a crisis may be avoided.

The Coffee industry has received a powerful stimulus through the employment of manure, which is now becoming general, and the rise of prices in Europe, which has benefited the national wealth by more than a million dollars.

Although Coffee and Bananas are at present the chief exports, they form but a small fraction of the natural wealth of Costa Rica, which awaits the completion of the Atlantic Railway for its full development.

#### SLAUGHTER TAX.

This tax brought into the Treasury no less a sum than \$68,911.75 against \$61,200 for the previous year. The mode in which it is levied is somewhat inequitable, as a fixed charge of \$3 is made for every beast slaughtered, irrespective of size or weight; but it is not proposed to alter the law until the whole subject of the taxation of provisions can be legislated upon.

#### RAILWAYS.

The working of the Railways has resulted in a loss during the eight years in which the Central Division has been in the charge of the Government, of \$381,526.41, not including interest. The total loss is therefore close upon \$48,000 per annum. The delivery to the Railway Company of the Central and Pacific Divisions relieves the Treasury of an annual burden of more than \$100,000. The yield for the year is only \$68,608.20 against

\$112,649.35 for 1885-6; but this only includes seven months' revenues from the Central Division.

If the Railway had continued in the hands of the Government, there is no doubt the accounts would have shown a favourable result as compared with that obtained in 1885-6.

The estimated expenses of the Central Railway included a period of three months only, in the belief that it would be handed over to the Company on the 1st of July. Instead of this, there was a delay of four months before it was given up to them, and this accounts for the comparatively large amount which figures under this head, viz., \$53,364.26.

#### THE TELEGRAPH AND POST OFFICE.

In spite of an increase of \$7,707.34 and \$3,525.23 respectively in these two departments, they are not yet self-supporting. The indirect benefits derived from them, however, will not fail to be felt.

			Telegraphs.	Post Office.
Expenses, 1887	...	...	\$33,758.96	\$34,976.62
Receipts	"	...	21,927.66	19,243.99
Deficiency	...	...	\$11,831.30	\$15,732.63

The Balance at the Treasury includes a bequest of \$77,992.85 left for the institution of an orphan asylum.

There is also a sum of \$7,100 deposited as caution money by the concessionnaire of the Pacific Coast Pearl Fisheries. No explanation is required of the further items of the account.

# EXPENDITURE FOR THE YEAR ENDING 31ST MARCH, 1887.

The General Total of operations effected by the Treasury during the above period was \$3,188,142.37. Of this amount \$2,772,315.07 is for items chargeable to 1886-7, against \$2,887,499.23 for the previous year, making a decrease of \$115,184.16, and showing a saving of \$24,139.50 out of the authorised expenditure. All the obligations of the Treasury have been punctually met, and the Government has reduced its debt to the Union Bank by \$23,545.95. \$27,818.75 has been employed in the redemption of Preferred Stock and payment of commissions for the service of the Debt out of the \$500,000 estimated for the redemption of the Internal Debt, and \$17,491.39 has been employed in the construction of a hospital and quarantine houses at the Port of Limon.

The situation of the Treasury is better by \$188,230.53, the liabilities on the 31st March, 1886, having been \$2,615,289.39, while on the same date in 1887 they were \$2,427,058.86. The interest of the External Debt is not included, as it is not yet a charge on the Government. The above amount, however, includes the following items :—

## Balance without interest of the

Internal Debt	...	...	\$410,715.24
Current accounts	...	...	205,233.39
Bonds payable...	...	...	195,892.08
Sundry debts	...	...	13,556.69
			<hr/>
			\$825,397.40
			<hr/>

In former years a fixed amount of \$500,000 was voted for the redemption of the Internal Debt. In the estimates for 1887-8 \$434,671.06 is included for extinction of the balance of that Debt, and \$168,750 is set down for the first quarterly payment of interest on the External Debt, so that with \$100,000 redemption of Paper currency more than \$700,000 will be required for the service of these Debts. In other words, the nation will have to find \$200,000 more than in previous years. In future years the amount required will be from \$800,000 to \$850,000.

The annexed table compares the amounts received by the Treasury for the two years 1885-6 and 1886-7 :—

	1885-6.	1886-7.
Customs (paid and due)	\$854,765.31	\$826,300.74
Liquors ... ..	747,750.78	} 1,309,859.83
Tobacco ... ..	466,675.86	
Railways... ..	112,649.35	68,608.20
Slaughter Tax ... ..	61,200.00	68,911.75
Stamped Paper ... ..	30,099.45	32,633.20
Post Office ... ..	15,718.76	19,243.99
Liquor Licenses... ..	11,933.00	13,001.00
Register of Mortgages...	19,693.92	20,894.66
Telegraph ... ..	14,220.32	21,927.66
National Printing Office	6,046.75	5,868.85
Stamps ... ..	23,107.90	24,701.65
Interest and Discounts...	2,021.53	7,761.30
Judicial Fees and Fines	2,984.18	2,957.81
Subsidy of the Municipality of San José ...	3,875.00	3,500.00
Sundries ... ..	14,547.94	9,019.28
	\$2,387,290.15	\$2,435,189.92
		2,387,290.15
	Increase ...	\$47,899.77

The following table shows the Expenditure for 1886-7 :—

Executive Government	...	...	...	...	\$260,263.42
Police	...	...	...	...	75,612.62
Finance	...	...	...	...	245,048.89
Justice	...	...	...	...	67,622.11
War Department	...	...	...	...	302,762.73
Public Works	...	...	...	...	195,183.73
Public Instruction	...	...	...	...	161,850.03
Foreign Affairs	...	...	...	...	50,662.53
Public Worship	...	...	...	...	14,929.28
Marine Department	...	...	...	...	24,589.72
Hospitals, etc.	...	...	...	...	5,748.88
Monopolies (Working of)	...	...	...	...	246,587.63
Costa Rica Railway	...	...	...	...	133,754.28
Sundry Expenses	...	...	...	...	987,699.22

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\$2,772,315.07

## ESTIMATES FOR 1887-8.

### REVENUE.

Customs	...	...	...	...	...	\$900,000.00
Liquor Monopoly	...	...	...	...	...	840,000.00
Tobacco	...	...	...	...	...	540,000.00
Pacific Railway	...	...	...	...	...	25,000.00
War Tax	...	...	...	...	...	72,000.00
Stamped Paper	...	...	...	...	...	32,000.00
Post Office	...	...	...	...	...	21,000.00
Telegraphs	...	...	...	...	...	25,000.00
Stamps	...	...	...	...	...	30,000.00
Registration of Mortgages	...	...	...	...	...	21,000.00
Liquor Licenses	...	...	...	...	...	14,000.00
National Printing Office	...	...	...	...	...	6,000.00
Redemption of Waste Lands	...	...	...	...	...	3,000.00
Government Schedules	...	...	...	...	...	12,000.00
Credit with Union Bank	...	...	...	...	...	85,619.81
Securities Receivable	...	...	...	...	...	25,873.84
Carried forward	...	...	...	...	...	\$2,652,493.65



Brought forward	...	...	\$2,652,493.65
Fines	...	...	2,000.00
Balance at Union Bank—Surplus sale of Customs	...	...	
Notes	...	...	1,464.12
Ditto, at Anglo Bank	...	...	63.88
Rent of National Property	...	...	1,200.00
Interest and Debt of ex-Bank of Issue...	...	...	5,000.00
School Furniture	...	...	12,000.00
Measures of Metrical System	...	...	10,000.00
Subsidy of Sto. Tomas University	...	...	5,100.00
Ditto, Municipality of San José...	...	...	8,400.00
The Master	...	...	800.00
Costa Rica Lyceum	...	...	4,000.00
Unforeseen Revenues	...	...	145,601.19
			<u>\$2,848,122.84</u>

## EXPENDITURE.

Executive Government	...	...	...	...	\$231,063.00
Police	...	...	...	...	93,617.00
Public Works	...	...	...	...	212,706.76
Finance and Commerce	...	...	...	...	235,953.20
Public Instruction	...	...	...	...	190,000.00
Foreign Relations...	...	...	...	...	49,640.00
Public Worship	...	...	...	...	15,540.00
Hospitals, etc.	...	...	...	...	6,780.00
Justice	...	...	...	...	103,938.50
War Department	...	...	...	...	273,745.00
Marine Department	...	...	...	...	22,248.00
Working of Monopolies	...	...	...	...	250,000.00
Use of National Credit	...	...	...	...	108,078.06
Internal Debt	...	...	...	...	434,671.06
External ditto*	...	...	...	...	168,750.00
Sundry Expenses	...	...	...	...	445,914.61
					<u>\$2,842,645.19</u>

Any surplus revenue is to be employed for public purposes.

\* For the first three months of 1888 only, being at the rate of about 35 % premium on sterling remittances.

## ECUADOR.

## STATEMENT OF EXTERNAL DEBT.

Amount of Principal outstanding ... ..	£1,824,000
Interest overdue (to 1st May, 1888, computed at 1 per cent. per annum) ... ..	373,920
Total Debt ... ..	<u>£2,197,920</u>

## Ecuadorian Committee.

Rt. Hon. E. Pleydell Bouverie,  
*Ex-officio.*

W. H. Bishop, Esq.

F. Bennoch, Esq.

L. N. Bonar, Esq.

M. Castello, Esq.

Hyde Clarke, Esq.

Roger Eykyn, Esq.

L. R. Lack, Esq.

F. P. Obicini, Esq.

Lieut.-Gen. Sir Luther Vaughan,  
K.C.B.

Admiral of the Fleet, Sir Provo  
Wallis, G.C.B.

Ed. Wright, Esq.

*Secretary.*

Charles O'Leary, Esq.

The Council have just received the following Letter, which has been communicated to them from the Bank of England, to whom it was addressed evidently in error:—

[*Translation.*]

MINISTRY OF FINANCE OF THE  
REPUBLIC OF ECUADOR,

QUITO, December 24th, 1887.

To THE GOVERNOR  
OF THE BANK OF ENGLAND.

SIR,—The Government of Ecuador agrees with the Bank of England that it would be to the advantage of the State to arrange its Debt, as stated in your communication of the 9th of November last, addressed to His Excellency the President of the Republic, to which I now reply: but in order to conclude a Convention for such

purpose, it is indispensable that allowances should be made for the monetary and economic crisis which afflicts all the Republics of South America, and in addition, so far as Ecuador is concerned, for the long Civil War which it has undergone.

If the Committee of Bondholders, bearing these circumstances in mind, and shaping their proposal in accordance therewith, would propose an arrangement, the Government would have much satisfaction in submitting it to the approval of the next Legislature.

With sentiments of high consideration,

I beg to remain,

Your obedient Servant,

(Signed) VICENTE LUCIO SALAZAR.

The Committee have this suggestion under their consideration.

In January of last year (1887) the Government advertised for an Internal Loan of \$500,000, which is equivalent to £75,000. The terms offered were a premium of 10 per cent. with interest at the rate of 10 per cent. per annum. The duty on Cocoa and part of the income of the Custom House were hypothecated to the service of this Loan, which was taken up by the "Corporacion Commercial," a local financial Company.

In the last Report of the Council reference was made to the arrangement arrived at between the Government and the Ecuadorian Land Company, Limited, for the exchange of Bonds for "Terrenos Baldíos" (Waste Lands).

The Minister of Finance, in his Report to the Congress of 1887, states that possession of the Waste Lands of the Pailon was to be given to the Ecuador Land Company in exchange for the £60,000 in Provisional Bonds deposited by that Company in 1864, and that the Government were also prepared to hand over the Atacamé and other Waste

Lands, in accordance with the Contract of 1854, for which the Bonds have been deposited some years with the Bank of Ecuador at Guayaquil, as soon as the necessary arrangements can be made.

Early in the year a Concession was granted for the construction of a railroad from the Port of San Lorenzo to Quito, the capital of the Republic. The Concessionnaires are a firm of American railway engineers, supported, it is said, by New York capitalists. By the terms of the Concession, Ecuador grants a subsidy of \$45,000 per mile, which is to be a first charge upon the Customs Receipts at San Lorenzo, a port destined to acquire great importance by the building of this Railway.

A Contract has also been entered into between the Government and Mr. M. J. Kelly, for extending the Railway from Yaguachi to Guayaquil. This line, when completed, will afford the means of rapid transit between the provinces of the Interior and Guayaquil. Mr. Kelly has up to the present made no appeal to foreign capital, having, it is said, negotiated loans with the local banks, etc.

The principal articles of Export are Cocoa, India-rubber, Hides, Ivory Nuts, Coffee, etc. The once flourishing trade in Cinchona Bark has almost disappeared, owing to the difficulty and cost of transport and the competition of foreign countries. *Cocoa* is by far the most important article of Export, for it represents from two-thirds to three-quarters of the total value of all Exports. Its destination is Spain, England, Germany, France, and the United States, in the order named. *Indiarubber* and *Hides* are sent exclusively to the United States, and *Ivory Nuts* (Taguas) to England and Germany.

The chief port of the country is Guayaquil, and the Cocoa exported therefrom was as follows:—

Year.	Quintals.	Price.	Value.
1882 ... ..	202,000	£2 10s.	£505,000
1883 ... ..	166,573	2 15	458,075
1884 ... ..	184,578	3 0	553,734
1885 ... ..	232,270	3 5	754,878
1886 ... ..	372,051	2 15	1,023,140

The Export of Cocoa during 1886 was the largest ever known. The small port of Bahia exports also Cocoa, Indiarubber, Ivory Nuts, etc., and Esmeraldas principally Rubber, Ivory Nuts, Tobacco, etc.

It is estimated that the crop of Cocoa for 1887 will be second only to that of 1886. The year has been a very favourable one for Ecuador, both as regards the quantity and the price of produce.

The President, in his speech to Congress, refers to the Financial situation as follows:—"During 1885 the Government owed at one time nine months' salary to its employes: at present almost all Government employes are paid regularly, and the Government, owing to the punctuality with which it meets its obligations, finds now little difficulty in obtaining money in the country when it requires it." Referring to the Foreign Debt, His Excellency exhorts Congress to devote their attention to this vital question on the full understanding that, unless it be arranged, we shall continue to figure adversely in the consideration of mercantile centres. Its arrangement," he adds, "will place Ecuador in the position she

"should occupy, and pave the way for future negotiations."

The origin of the Foreign Debt of Ecuador, the Bonds of which were issued in 1855—is in the Debt of the Old Republic of Colombia, then comprising the three Provinces of Venezuela, New Granada and Ecuador, united for the purpose of the overthrow of the power of Spain. The Loans of the Republic were for £2,000,000 6 per cent. Stock, contracted in 1822, with Messrs. Herring, Graham and Co., at 84 per cent. And £4,750,000 6 per cent. Stock, contracted in 1824, with Messrs. B. A. Goldschmidt and Co., at 88½ per cent.

On the settlement of the portion of the Debt attributed to Ecuador after the separation of the three Provinces, now the independent Republics of Colombia (formerly New Granada), Venezuela and Ecuador, to which latter State 21½ per cent. of the whole Debt was allotted, the Ecuador Government issued Bonds for £1,824,000, bearing interest at 6 per cent. maximum, and commencing at 1 per cent. per annum; one-fourth part of the excess of the receipts of the Customs of Guayaquil over \$400,000 per annum being the assigned Revenues declared to be due to the Bondholders over the 1 per cent. minimum dividend until the maximum payment of 6 per cent. should be reached.

In November, 1867, payment upon the Debt ceased, and subsequent to that date no dividends have been paid.

It may be useful to mention here that on the 8th of January, 1885, the New Currency Law came into operation, which changed the existing monetary unit, called the "soft" dollar of 8 reals, into the *Sucre*, or "hard"

dollar of 10 reals, equal to a French silver five-franc piece. This alteration in the monetary unit must be borne in mind when comparisons are made of Returns, expressed in dollars, at periods before or after 1st January, 1885 for which purpose one Sucre may be taken as equal to  $1\frac{1}{4}$  "soft" dollars. Pending the supply of sufficient new  $1, \frac{1}{2}, \frac{1}{3},$  and  $\frac{1}{10}$  Sucre pieces for circulation, imported Chilian hard dollars were largely made use of to supply the deficiency.

Remittances to England are usually made in sterling bills, at 90 days' sight, and their cost is determined by the local rate of exchange ruling at the time. Taking nominally \$5 = £1, the exchange is quoted at so much per cent. premium on \$5, for instance, 40 per cent. premium means \$7 = £1. The average annual exchange rates were as follows :—

In 1883	about	49 $\frac{1}{2}$ %	pm.,	or	\$7.49 = £1 ;	equivalent	\$1 (soft) = 2s. 8d.
„ 1884	„	52 $\frac{1}{2}$ %	„	„	\$7.60 $\frac{1}{2}$ = £1 ;	„	\$1 (soft) = 2s. 7 $\frac{1}{2}$ d.
„ 1885	„	27%	„	„	\$6.35 = £1 ;	„	\$1 (Sucre) = 3s. 1 $\frac{1}{2}$ d.
„ 1886	„	32%	„	„	\$6.60 = £1 ;	„	\$1 (Sucre) = 3s. 0 $\frac{1}{2}$ d.

It will be seen that the Sucre does not quite reach the corresponding value in pence as compared with the soft dollar current before 1885; this is due to the further depreciation of silver in more recent years. A high rate of exchange is frequently brought about by an excess importation of silver (from Colombia, Peru and Chili), for the purchase of drafts, whenever the exchange falls low.

At the present time the value of one Sucre may be taken at 3s. gold.

The following table gives the Receipts, from all sources, at the Custom House of Guayaquil, for a series of years,

calculated at the mean rates of exchange for the £1 sterling current at the time:—

In 1879 Soft	\$1,647,994.33	equivalent to	£233,758
„ 1880 „	2,087,698.62	„	286,772
„ 1881 „	1,741,826.51	„	239,262
„ 1882 „	1,873,851.11	„	257,751
„ 1883 „	1,497,150.23	„	199,600
„ 1884 „	2,088,408.39	„	275,924
„ 1885 Hard	\$1,095,403.48	„	172,504
„ 1886 „	1,940,736.78	„	294,056

The Export Duties represent roughly about 94 per cent. of the Import Duties received.

The following figures and statements are taken from the Report of the Finance Minister to Congress, dated 16th June, 1887.

The Revenue is divided into two classes, Permanent and Transitory.

#### REVENUE FOR THE YEAR, 1886.

##### (A.) Permanent Revenue—

3,196,903.89	*Customs Duties	...	...	...	...	\$1,775,195.70
453,036.47	†Tithes (Cocoa)	...	...	...	...	584,376.34
200,000	†Salt Monopoly (Province of Imbabura)	...	...	...	...	502.80
107,489.92	Stamped Paper, etc.	...	...	...	...	89,460.12
12,196.70	Registrations, etc.	...	...	...	...	8,701.96
84,332.80	Land Tax	...	...	...	...	57,469.86
146,234.20	Spirit Tax	...	...	...	...	154,198.25
86,620.57	General Tax (1 per mil)	...	...	...	...	76,320.05
21,952.26	Powder Monopoly	...	...	...	...	20,101.65
1,488.50	Sale of Official Publications	...	...	...	...	732.35
13,125.7	Leases...	...	...	...	...	8,638.28
8,717.67	Tax on Tithes	...	...	...	...	7,571.90
61.60	Subsidiary Tax (Province of Cañar)	...	...	...	...	3,037.60

Carried forward ... .. \$2,786,306.86

\* Exclusive of one month's Customs Receipts at Esmeraldas.

† Exclusive of \$200,000 assigned to Railway Contract.



6,690.75	...	Brought forward ... ..	\$2,786,306.86
5,575.573		Court of Accounts (Contributions of Municipalities)	23,637.81
1,175.712		Postal Administration (Sale of Stamps, etc.) ...	32,899.31
26,11.72		Lazarettos ( $\frac{1}{2}$ of the Spirit Tax) ... ..	11,642.78
		National Telegraphs ... ..	318.70
		National Printing Office (Sale of Documents, etc.)	34.30
21,543.34		Military Pensions. Fund (6 % deducted from Pay of Army) ... ..	10,943.44

(B.) *Transitory Revenue*—

Penalties recovered ... ..	\$7,856.68
Sales of Waste Lands ... ..	555.20
Fines, Mangrove Duty, and Profit on Coinage of Nickel ... ..	25,113.33
Repayments ... ..	12,130.34
Premiums and Exchanges ... ..	1,470.46
Interest and Discounts ... ..	26,893.10
	<hr/> 74,019.11

Total ... ..	\$2,939,802.31
Obtained from Loans and Deposits during the Year	1,785,189.51

Total Receipts from all sources... ..	<hr/> \$4,724,991.82 <hr/>
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## EXPENDITURE FOR THE YEAR 1886.

(A.) *Permanent*—

Salt Monopoly (Lease of Works, Punta Arenas)	\$3,089.57
Post Office (Salaries, etc.) ... ..	62,638.89
Legislature (Travelling and Daily Expenses) ...	45,812.36
Executive (Salaries) ... ..	14,876.79
Ministry of Interior ... ..	7,935.58
„ Finance... ..	9,063.82
„ War and Marine ... ..	10,226.45
Supreme Court ... ..	15,855.89
Superior Courts ... ..	27,583.00
Lazarettos (Payments to Collectors) ... ..	14,218.60
Local Government Boards (Salaries) ... ..	39,638.35
Treasuries ... ..	29,214.95
Carried forward ... ..	<hr/> \$280,154.25

Brought forward	...	...	\$280,154.25
Collectors (Salaries)	...	...	1,648.11
Coast Guards	"	...	56,530.15
Inferior Courts	"	...	16,388.92
Public Instruction	"	...	184,885.64
Public Worship, etc.	"	...	54,628.25
Public Debt (Salaries of last Year)	...	...	231,951.65
Annuities	...	...	2,766.84
Police (Salaries)	...	...	135,617.71
Premiums and Exchange	...	...	10,248.58
Interest and Discount	...	...	217,964.81
Gaols, etc.	...	...	6,933.70
Yaguachi Railway (Maintenance)	...	...	977.20
Public Works	"	...	121,543.56
Perez & Co., for Quay Works	...	...	8,017.05
Bank of Ecuador	...	...	123,042.70
General Commandants	...	...	17,233.47
Military	"	...	5,152.08
Army and Navy (Pay, Rations, etc.)	...	...	783,925.65
Retired Officers and Staff	...	...	22,588.73
Invalids	...	...	25,960.33
Pensions Fund (Military)	...	...	46,482.84
Military Hospitals	...	...	42,170.01
Military Expenses (Armaments, etc.)	...	...	390,072.29
Diplomatic	"	...	34,886.85
Sundry Extraordinary Expenses	...	...	103,899.31
Cost of Remittances to Provincial Treasuries	...	...	33,942.63
Telegraphs (New Lines, Repairs, Salaries, etc.)	...	...	37,406.47
National Printing Office (Expenses)	...	...	15,215.81
War Commissariat (Balance)	...	...	32,672.00

(B).—*Cost of Collection of Revenue*—

Tithes, Payments to Church Establishment at		
Guayaquil and General Expenses	...	106,353.97
Stamped Paper, Printing, and Commission on Sale	...	3,770.64
Registration, Commissions	...	353.96
Land Tax	"	2,349.07
Spirit Tax	"	7,303.31
General Tax	"	3,485.93
Powder Monopoly,	...	986.99
Carried forward	...	\$3,169,511.46

Brought forward	\$3,169,511.46
Official Publications	5.78
Leases, Commission and Balance repaid to Mr. Kelly for Lease of Yaguachi Railway	3,145.18
Customs Administration (Salaries, etc.)	46,226.13
Subsidiary Tax, paid out for Bridge at Rumiurcu and other Works	2,647.07
Court of Accounts (Salaries, etc.)	14,637.50
<b>(C.)—Transitory Expenditure—</b>	
Commission on Recovery of Penalties	2,030.78
Commission on Fines and Mangrove Duty	242.01
Amount returned to the Loja Treasury by the Collector of Celica	2,550.22
Paid off Loan and Deposit Account	1,433,716.92
<b>Total Expenditure</b>	<b>\$4,674,713.05</b>

## RECAPITULATION.

Total Revenue	\$4,724,991.82
Total Expenditure	4,674,713.05
Apparent Surplus on the Year	\$50,278.77
Add the Balance from 1885	165,029.59
<b>Total Apparent Surplus</b>	<b>\$215,308.36</b>

An analysis of the accounts, however, changes this surplus into a deficit as follows:—

If from the total Receipts from all sources exclusive of Loans, hereinbefore given, amounting to ...	\$2,939,802.31
the cost of collection and the nett cost of the Post Office, Telegraphs, Lazarettos, National Printing Office, and Pensions are deducted, aggregating	280,290.63
<b>A net Revenue of</b>	<b>\$2,659,511.68</b>

is shown. Equally, when from the total Expenditure, exclusive of repayment of Loans, amounting to \$3,240,996.13 the proceeds of the Post and Telegraph Administration, the one-twelfth part of the Spirit Tax assigned to Lazarettos, the premiums and exchange, the interest and discounts, the Pensions Fund, and the proceeds of the National Printing Office of ... .. \$84,202.09 the Transitory Expenditure of ... .. 4,523.01 and the total cost of collections of the permanent Revenue of ... .. 191,265.53

are deducted, aggregating as above ... 280,290.63

A net Expenditure of ... .. \$2,960,705.50  
results, and shows a deficit of ... .. \$301,193.82  
for the year 1886.

This deficit is met by the difference of  
Loans raised ... .. \$1,785,189.51  
and Loans repaid ... .. 1,433,716.92

Giving a nett Increase of Debt of... .. \$351,472.59

The Balance in the Treasury, brought over from 1885 was ... .. 165,029.59

Total ... .. \$516,502.18

thus bringing out an apparent surplus of \$215,308.36

The Taxes collected during the year 1885 produced

\$2,524,175.49. A substantial progress is shown for the year 1886.

#### CUSTOMS.

The Customs Service, which had been in a chaotic condition prior to 1884, has been thoroughly reorganised by the Legislature during the past two years, and the result has been an increase in the Returns of

43 per cent.	over those of	1885,
17	"	"
and 28	"	"
		1884,
		1879,

the years chosen for the comparison having been the best from a commercial point of view for the last decade.

The following Statement shows the amounts received for Import and Export Duties and other charges at the following Custom Houses during 1886, and indicates the comparative importance of the Ports:—

Guayaquil	...	...	..	\$1,940,736.78
Manta	...	...	...	37,287.46
Caraques	...	...	...	25,105.39
Callo	...	...	...	4,245.44
Esmeraldas	...	...	...	24,014.33
Loja	...	...	...	1,170.00
				<hr/>
				\$2,032,559.40
				<hr/>

This total includes a sum of \$299,756.79, the value of "additional" Import Duties (about 20 per cent.) the proceeds of which are assigned for certain Public Works, Educational Establishments, Fire Brigade, etc., and for Redemptions.

The following Table gives the Export Duties collected at the undermentioned Ports :—

	Guayaquil.	Santa Elena.	Esmeraldas.
	\$	\$	\$
Cocoa ... ..	109,882.24	...	6.56
Hides ... ..	3,172.27	49.43	47.17
Coffee ... ..	5,511.00	...	...
Tagua Nuts ... ..	2,423.19	224.04	6,559.59
Indiarubber ... ..	9,696.74	...	682.30
Sundries ... ..	796.37	1,805.60	1,883.88
	\$131,481.81	\$2,079.07	\$9,179.50

The following Table shows the value of goods imported at Guayaquil from 1880 to 1886 :—

1880 ... ..	\$1,476,874.24
1881 ... ..	1,243,347.73
1882 ... ..	967,084.75
1883 ... ..	1,106,600.08
1884 ... ..	1,587,505.42
1885 ... ..	994,365.21
1886 ... ..	1,808,018.28

The total Exports from the same port are stated at ... .. \$5,293,649.31 in 1886  
against ... .. 3,170,716.29 in 1866

\$2,122,933.02

showing an increase of about 40 per cent. within the last twenty years.

The Minister of Finance emphatically expresses the

opinion that national productions should be exempted from Export Duties. An increase of less than 10 per cent. on Import Duties would enable the Government to dispense with Export Duties, to the great advantage of national industry.

#### PUBLIC DEBT.

In order to meet the demands occasioned by the state of war which prevailed in the year under review (1885-6), it has been necessary to have recourse to credit, and advances were obtained to the amount of a million and a-half of "Sucre," which were guaranteed by the assignment of a portion of the Guayaquil Customs and all the Cocoa tithes for 1887. A portion of that amount was cancelled with the proceeds of a Loan of \$500,000 contracted on the 31st January, which has been employed in the following manner:—

In the redemption anticipations of Tithes ...	\$306,000
Pay of Army and Police, November, December, and January... ..	96,000
Remittances to Pichincha, payment of out- standing certificates ... ..	25,000
Purchase of Steamer, remittances to New York for Stamps and to the Treasuries	27,000
	<hr/>
	<u>\$454,000</u>

The following Table shows the whole indebtedness of the nation for principal and interest on the 31st December, 1885 and 1886:—

## STATEMENT OF NATIONAL INDEBTEDNESS.

NAME OF LOAN, ETC.	Outstanding on 1st Jan. 1886.		Increase during 1886.		Paid off during 1886.		Outstanding on 1st Jan. 1887.	
	Principal.	Interest.	Principal.	Interest.	Principal.	Interest.	Principal.	Interest.
Loans at 12 1/2 per annum .....	\$34,922.36	\$69,702.25	....	\$25,190.68	\$15,600.00	\$4,400.00	\$219,322.36	\$61,492.93
Loans at 9 1/2 per annum .....	87,070.26	78,187.66	....	7,890.32	3,900.00	....	53,710.26	86,077.92
Loans, Deposits, War Contributions, and other Claims recognised for Salaries, Pensions, etc. ....	239,641.91	....	\$54,818.02	....	103,193.59	....	191,265.34	....
Capital of Annuities (Interest at 2 1/2 for 1880) .....	199,397.91	....	154,714.97	....	145,547.38	....	208,565.30	....
Loans and Anticipations for Customs .....	1,056,494.84	363,270.72	....	21,129.89	....	2,665.31	1,056,494.84	381,735.30
Ditto for the (1st Premium) .....	397,416.81	456,480.60	456,480.60	....	272,628.84	....	491,268.66	....
Loans of M. J. Kelly at 9 1/2 .....	228,073.32	19,039.60	455,209.85	....	403,916.49	\$19,039.60	249,366.68	....
External Debt .....	7,600.00	95.18	37,850.00	279.44	40,102.43	279.44	47,907.57	95.18
Spanish Debt (Interest at 2 1/2 for 1886) .....	9,120,000.00	....	....	....	....	....	9,120,000.00	....
Unimbed Debt .....	562,136.00	35,016.48	....	3,242.72	....	....	162,136.00	38,259.20
Belgian Loans .....	118,492.53	....	....	....	....	....	118,492.53	....
Belgian Loans de Paris (Original Account) .....	26,560.24	....	....	....	....	....	26,560.24	....
Municipal (London) (Original Account) .....	41,824.29	....	....	....	....	....	41,824.29	....
Loans, etc. ....	1,320.00	....	....	....	....	....	1,320.00	....
Loans under Decree of 3rd April 1883 .....	112,185.21	....	....	....	26,701.11	....	85,484.10	....
Union Bank 3 1/2 Loans (Original Account) .....	97,452.73	....	....	....	....	....	97,452.73	....
International Bank 12 1/2 Loans .....	....	....	142,650.00	2,616.47	72,000.00	1,165.13	79,650.00	1,451.34
Bank of Ecuador c/a at 9 1/2 orig. ....	8,8180.42	....	....	....	....	....	8,8180.42	....
Ditto on Loan at 9 1/2 orig. ....	115,847.63	....	....	....	....	....	115,847.63	....
Loans at 6 1/2 per annum .....	9.60	12.21	....	57	....	....	9.60	12.78
Loans in Bonds issued Dec. 1883, and July, 1884 .....	33,364.06	6,154.89	....	....	29,819.35	2,702.50	3,544.71	3,362.39
	\$13,037,901.62	\$1,121,478.93	\$1,271,723.53	\$61,350.09	\$1,113,599.39	\$30,341.98	\$13,196,095.76	\$1,152,487.04

† NOTE.—The English Loan of £1,824,000 sterling is here referred to, but the £1 sterling is taken equal to \$5; the current rate for 1886 was, however, \$6.60. The total indebtedness is, therefore—

Principal .. .. .	.. .. .	\$13,196,095.76
Interest .. .. .	.. .. .	1,152,487.04
Grand total .. .. .	.. .. .	<u>\$14,348,582.80</u>



The difficulty in obtaining reliable detailed information of the material resources of Ecuador for any lengthened period is aptly illustrated by the Report of the Minister of Finance to Congress, in which he laments the want of Statistics, which prevented him giving a more complete Report.

Since the foregoing was written, a letter, dated Guayaquil, January 2nd, has been received from the Agent of the Bondholders, stating "that no Concession has been granted, which involves the settlement of the External Debt of this country."

#### EGYPT.

Unified Debt outstanding, January, 1888		£55,990,260
Five per Cent. Preference Stock	" ...	22,296,800
Five per Cent. Domain Debt	" ...	6,909,860
Daïra Sanieh Loan	" ...	8,639,480
Three per Cent. Guaranteed Loan	" ...	9,191,600

Annexed will be found the usual Tables showing the amounts received monthly by the Treasury of the Public Debt for the past five years on account of the service of the Unified, Preference, and Guaranteed Loans. These Tables form a summary of the Statements furnished to the Council by the Commissioners of the Debt, and communicated by them to the public Press.

All the amounts given in this Report are in pounds sterling, and are calculated at the rate of 97.5 piastres = £1.

## UNIFIED DEBT.—OUTSTANDING AMOUNT, £55,990,260.

MONTHS.	1882	1883	1884. (Leap Year.)	1885	1886.	1887.
1 to 31 January	£293,000	£317,181	£276,893	£340,158	£209,638	£118,578
1 " end February	114,268	179,800	241,363	157,666	159,025	83,448
1 " 31 March...	112,688	194,778	106,202	124,701	80,572	267,530
1 " 25 April ...	202,593	138,208*	173,962*	187,906*	129,787*	86,716*
26 " 30 " ...	138,111	97,433	594,780	17,669	376,660	16,458
1 " 31 May ...	274,011	150,817	143,697	172,798	274,967	121,940
1 " 30 June ...	193,416	246,197	157,189	208,027	181,625	158,114
1 " 31 July ...	108,833	195,101	180,716	195,594	274,504	218,054
1 " 31 August	6,795	142,271	234,137	174,558	192,290	306,029
1 " 30 September	65,133	207,833	53,713	211,024	174,654	123,617
1 " 25 October	621,958	424,881§	79,958§	376,849§	417,152§	594,212§
26 " 31 " "	36,418	85,733	52,306	62,476	21,125	6,486
1 " 30 November	412,942	407,752	415,589	284,653	651,503	619,056
1 " 31 December	459,777	440,733	430,542	722,990	426,056	515,886
Totals ..	£2,916,160	£3,094,128	£3,131,047	£3,237,369	£3,569,558	£3,216,724
Deductions to complete service of Preference Stock.	£534,549	* £20,337 \$ 330,871	* £104,317 \$ 384,364(a)	* £83,867 \$ 121,977	* £34,992 \$ 159,549	* £90,670 \$ 122,065

(a) NOTE.—This deduction was afterwards reduced by £272, there being a balance of that amount in the Sinking Fund Account of the Preference Debt.

N.B.—A Five per Cent. Income-tax was deducted from the May and November Coupons of 1885 and 1886, but this has now been repaid in accordance with Arts. 17, 20, and 21 of the Decree of the Khedive of 27th July, 1885. Although the ordinary Sinking Fund is suspended, there has been a small fund applicable for redemption arising from Coupons forfeited by prescription; and the outstanding amount has been correspondingly reduced.

## FIVE PER CENT. PREFERENCE STOCK.—OUTSTANDING AMOUNT, £22,296,800.

MONTHS.	1882.	1883.	1884. (Leap Year.)	1885.	1886.	1887.
I to 31 January ...	£80,000	£120,000	£90,000	£100,000	£110,000	£85,750
I " 31 February ...	30,000	60,000	98,223	50,000	60,000	30,000
I " 31 March ...	90,000	50,000	60,000	50,000	60,000	30,000
I " 14 April ...	23,000	173,379*	41,776*	30,000*	10,000*	60,000*
15 " 30 " ...	42,000	10,000	40,000	40,000	30,000	30,000
I " 31 May ...	80,000	70,000	40,000	40,000	70,000	101,723
I " 30 June ...	40,000	70,000	50,000	50,000	30,000	60,000
I " 31 July ...	13,000	23,749	20,000	30,000	40,000	70,000
I " 31 August ...	Nil.	10,000	40,000	60,000	30,000	58,631
I " 30 September ...	10,000	20,000	20,000	50,197	30,000	70,000
I " 14 October ...	65,000\$	56,250\$	... \$	165,245\$	140,000\$	45,000\$
15 " 31 " ...	30,000	40,000	60,000	64,557	30,000	30,000
I " 30 November ...	100,000	90,000	110,000	80,000	130,000	125,000
I " 31 December ...	100,000	70,000	110,000	120,000	100,000	95,000
Totals ...	£763,000	£803,378	£779,999	£929,999	£870,000	£896,004
Additions taken from receipts of Unified Debt ...	\$ £343,549	* £20,337 \$ 330,870	* £104,317 \$ 384,364 (a)	* £83,867 \$ 121,977	* £34,990 \$ 159,540	* £90,670 \$ 122,065

(a) NOTE.—See note to Unified Debt.

N.B.—A Five per Cent. Income-tax was deducted from the April and October Coupons of 1885 and 1886 (see note to Unified Debt).

The service of the Three per cent. Guaranteed Loan, the definitive Bonds of which have now been issued, has been continued out of the fixed charge of £315,000 per annum upon the revenues of the Unified and Preference Debts, and the capital amount of that Loan has now, by the operation of the Sinking Fund, been reduced to £9,191,600. The unexpended Balance remaining on the 30th June, 1887, out of the proceeds of that Loan, (£8,980,425) was £568,589, the outstanding liabilities under Article 9 of the Decree of 27th July, 1885, amounted at that date to £1,217,668, but it should be borne in mind that the assets to meet these liabilities, besides the balance of the Loan, include amounts derived from the sale of free lands and of those of rebels confiscated.

The 5 per cent. tax deducted from the Coupons of the Unified and Preference, and the Domain and Daira Loans during 1885 and 1886 was duly repaid on presentation of the Certificates issued for the amounts deducted by the respective agents. After repayment of these deductions there remained a balance of £145,126, divisible in accordance with the provisions of the Decree of 27th July, 1885, in equal proportions between the Government and the Sinking Fund. The following Account shows the mode in which this balance is obtained:—

TOTAL EXPENSES OF ADMINISTRATION	...	...	£6,141,885
<i>Deduct:</i> 1. Deficit; Daira and Domains	£424,794		
2. Excess Railway Expenses over amount allowed by Commission	...	20,230	
3. Excess Salary of Commis- sioners of Debt	...	8,200	
4. New Taxes...	...	1,182	
Carried forward	...	£454,406	£6,141,885

Brought forward ...	£454,406	£6,141,885
5. Petroleum ... ..	£69,462	
6. Recruiting Commission ...	5,182	
7. Abolition of the Corvée ...	<u>256,410</u>	
		<u>785,460</u>
		5,356,425
Amount allowed by the Convention ... ..		<u>5,371,282</u>
The Expenditure for 1886 was thus below the amount allowed, by ... ..		14,857
Deducting this amount from the excess Expen- diture for 1885 ... ..		<u>63,986</u>
The excess Expenditure for the two years is re- duced to ... ..		<u>£49,129</u>

By the terms of the above-mentioned Decree, the amount of surplus of the unassigned Revenues is shown as under:—

UNASSIGNED REVENUES ... ..		*£4,899,031
Add: 7% on £2,516,574 gross Receipts in the four assigned Provinces	£176,160	
Expenses of Customs ... ..	85,997	
„ Railways ... ..	582,281	
„ Telegraphs... ..	44,951	
„ Port of Alexandria	<u>31,782</u>	
		<u>921,171</u>
Total Resources carried forward ...		<u>£5,820,202</u>

\* This figure is obtained as follows:—

Total Revenue according to Budget ... ..		£9,819,890
Deduct: Receipts from four assigned Provinces	£2,516,574	
Customs Receipts, including £790 for stamp ... ..	955,162	
Railway receipts, including £1,970 for stamp... ..	1,301,424	
Port of Alexandria Receipts, includ- ing £98 for stamp ... ..	109,576	
Telegraph Receipts ... ..	<u>38,123</u>	
		<u>4,920,859</u>
Unassigned Revenues ... ..		<u>£4,899,031</u>

Total Resources brought forward ... .. £5,820,202

Out of these Resources the following  
Liabilities have to be met :—

Expenditure chargeable to the un-	
assigned Revenues ... ..	£5,371,282
Other expenses (see 1 to 7 above) ...	785,460
	<hr/>
	£6,156,742

In other words the Liabilities exceed  
the Resources by ... .. £336,540  
which sum the Treasury of the Debt  
has to pay over to the Minister of  
Finance.

In accordance with the same Decree, the surplus of the  
assigned Revenues is calculated as follows :—

#### RECEIPTS.

Payments to the Treasury of the Debt for the year ending 25th  
October, 1886—

By the four Assigned Provinces...	... ..	£2,265,993
„ Customs Administration...	... ..	852,170
„ Railways „ ... ..	... ..	864,557
		<hr/>
Total ... ..	... ..	£3,982,720

#### EXPENSES.

Service of Guaranteed Debt ... ..	£315,000
„ Preference Debt (less 5% Tax)	1,059,097
„ Unified „ ( „ „ )	2,127,637
	<hr/>
	3,501,734
Amortization of Guaranteed Debt ...	86,821
	<hr/>
	3,588,555
	<hr/>
Surplus (carried forward) ...	394,165

Brought forward ... ..	£394,165
<i>Deduct</i> the amount required to complete the unassigned Revenues ... ..	336,540
	<hr/>
	57,625
<i>Add</i> the Surplus of 1885 ... ..	529,134
„ Interest on Surpluses ... ..	6,895
	<hr/>
Total Surplus ... ..	593,654
Amounts chargeable on the above Surplus—	
Deductions from the Unified and Preference Debt, and from the Dividend on the Suez Canal Shares ... ..	
	£375,259
Deductions from the Daïra Sanieh Coupon ... ..	34,735
„ „ „ Domain Loan ... ..	38,534
	<hr/>
	448,528
Balance divisible in equal proportions between the Government and the Sinking Fund ... ..	£145,126
	<hr/>

Sir Evelyn Baring, in his Report on the Accounts for 1886, calls attention to the inconveniences which attend the above complicated method of regulating the Accounts between the Government and the Commissioners, necessitated by the stipulating of a fixed sum for the Administrative Budget expenditure, as exemplified in the negotiations for the abolition of the Corvée. An additional amount of £256,410 having to be included in the Administrative Budget, objections on the part of the French Government prevented the acceptance of the Decree for that purpose, and had it not been for the action of the Commissioners, who made up their Accounts for 1886 as if it had been accepted by all the Powers, the Accounts for 1886 would have shown a deficit, and, while a large sum would have been employed in the redemption

of Bonded Debt, the nucleus of a new Floating Debt would have been commenced.

The general financial result of the two years 1885 and 1886, so far as the ordinary account of Revenue and Expenditure is concerned, is therefore (says Sir Evelyn) that a real surplus of £34,207 remains in the hands of the Egyptian Government.

If this were all there was to be said on the finance of the year, the result might be considered as very satisfactory, and, indeed, .....the result is more satisfactory than I had anticipated.

He then calls attention to the Extraordinary Budget, and points out that, while it was right to charge the expenditure for the Soudan during 1886 to the Guaranteed Loan Account, yet, if the Government of Egypt is to be put in a thoroughly solvent position, the whole of the Soudan expenditure must, for the future, be included in the ordinary Account.

He recapitulates the whole position in the following words:—

1. The Egyptian Government commenced the year with a cash balance, either in their own hands, or in the hands of the Commissioners of the Debt, amounting to £2,678,771. The closing balance amounted to £2,913,728. The actual cash in hand was, therefore, increased during the year by £234,957.
2. The ordinary Receipts amounted to £9,819,890, and the ordinary Expenditure to £9,637,074, leaving a surplus on this account of £182,816.
3. The true surplus left in the hands of the Egyptian Government, after making up the accounts of the years 1885 and 1886 in the manner prescribed by the Decree of the 27th July, 1885, as modified by the Draft Corvée Decree, was £34,207.
4. After providing for repayment of the 5 per cent. deducted from the Coupons, a sum of £153,261 was applied to the



redemption of the Guaranteed, Unified, and Preference Debts during the years 1885 and 1886.

5. A sum of £433,251 was spent in connection with the Soudan, and debited to the Loan Account.

Sir Evelyn winds up his Report by a tribute of praise to Sir Edgar Vincent, to whose exertions any satisfactory solution of the financial difficulties of Egypt will be, in his opinion, mainly due.

The Public Works Department, under Sir Colin Scott Moncrieff, has again done good service. According to that gentleman's report, irrigation, which is a first necessity of cultivation of land in Egypt, has been maintained successfully. The supply of water from the Nile was good, and when the *minimum* was reached on the 3rd of June, the level was about the usual average, but higher than in 1885. The winter rains having been deficient, the canal supply ran short, and water had to be pumped up at an earlier date than usual. Barrage was employed to keep up the water, and less escaped to the sea than in any previous year. While in 1884, 110,496 acres remained out of cultivation for want of water, that amount was reduced to 10,048 acres in 1885. The returns for 1886 are not yet available.

The gradual abolition of the *Corvée* is proceeding satisfactorily. In 1884 the unpaid labour exacted from the fellaheen was equivalent to 165,000 men working for 100 days. In 1885 an expenditure of £119,523 reduced this to 125,936, and in 1886 an expenditure of £271,862 brought it down to 95,093 men. This is due as much to the employment of barrage as to the increased expenditure, owing to the greater certainty of the water surface level obtained. Sir Colin considers that eventually an

annual expenditure of £335,384 will enable the *Corvée* to be entirely dispensed with. £109,034 has been spent on irrigation from the sum allowed out of the proceeds of the Guaranteed Loan, and there is not a district throughout all Egypt, "from Gebel Silsileh in Esneh to the sea, in which some improvement has not been introduced to the irrigation or drainage."

Some attention has been directed to a scheme for the utilisation of the Raïan Lake as a storage reservoir for water in Middle Egypt. This scheme was originated by Mr. Cope Whitehouse, who has surveyed the district. The idea is to save a large portion of the water which runs to waste down the river at the time of high Nile, and fill up the Raïan basin so as, while preventing floods, to form a reservoir available for the irrigation of 2,390,000 acres of land now out of cultivation. He estimates that the increase of revenue eventually resulting from this operation would be equal to £3,000,000.

The following Tables are taken from the Official Report of the Minister of Finance for the year 1886, on which above comments of Sir Evelyn Baring are founded.

## REVENUE, 1886.

	Gross.	Cost of Col- lection and Administration.
<i>Direct Taxes:—</i>	£	£
Land Tax, Kharadgi ... ..	4,442,766	} 344,976
Ouchouri... ..	682,951	
Other Taxes on Land ... ..	147,008	
Professional and Urban and other Direct Taxes ... ..	251,735	
<i>Indirect Taxes:—</i>		
Customs ... ..	954,383	85,997
Octrois ... ..	311,017	44,332
Salt ... ..	206,738	71,315
Registration and Stamps ... ..	51,545	...
Fisheries ... ..	78,160	10,873
Navigation Dues ... ..	74,536	4,288
Miscellaneous ... ..	79,378	...
<i>Administrative Services:—</i>		
Railways ... ..	1,299,455	582,281
Hélonan Railway ... ..	8,637	5,974
Telegraphs ... ..	38,123	44,951
Post Office ... ..	115,547	93,267
Postal Steamers... ..	123,450	109,133
Port of Alexandria ... ..	109,478	31,782
Other Ports... ..	3,791	11,295
Lighthouses ... ..	88,687	25,909
Mint ... ..	5,415	2,379
Exemption from Military Service ... ..	256,307	...
<i>Government Property:—</i>		
Rent, etc. ... ..	91,425	...
<i>Pensions Fund:—</i>		
Contributions ... ..	52,630	...
Total Gross Revenue ... ..	£9,819,890	£1,468,752
Less Cost of Collection, etc. ... ..	1,468,752	
Net Revenue ... ..	£8,351,138	
Net Expenditure ... ..	7,828,139	
Surplus ... ..	£522,999	

## EXPENDITURE, 1886.

	Gross.	Recovered by the Government.
	£	£
Tribute to Turkey... ..	695,792	...
Service of Debt ... ..	3,869,399	...
Domains and Daira Deficits... ..	424,794	...
Civil List and Cabinet of the Khedive ...	363,415	...
Ministerial and Legislative Councils ...	13,770	...
Sundry Expenses connected with the Execu- tive ... ..	123,027	...
Ministry of Foreign Affairs ... ..	11,221	...
" Finance (including Treasury of the Debt £32,086, and Financial Adviser and Staff, £6,152) ... ..	139,076	40,359
Ministry of War and Army ... ..	133,488	...
" Public Instruction ... ..	70,553	7,959
" the Interior... ..	129,078	2,413
" Justice :—		
Native Courts... ..	144,172	
International Courts ... ..	148,186	291,241
Central Administration, etc....	30,311	
" Public Works ... ..	474,457	1,432
Police ... ..	244,718	...
Prisons ... ..	27,904	...
Cadastre (Survey) ... ..	28,820	...
Printing Office ... ..	25,477	3,326
Eastern Soudan ... ..	26,834	...
Pensions ... ..	497,234	...
Army of Occupation ... ..	200,000	...
Petroleum ... ..	69,462	...
Recruiting Commission... ..	11,062	...
Abolition of the Corvée... ..	272,617	...
Total Gross Expenditure ... ..	£8,174,867	£346,728
Less recovered by Government ... ..	346,728	
Net Expenditure ... ..	£7,828,139	

The Extraordinary Receipts during 1886 comprise the—

Balance of the Guaranteed Loan ...	£322,006
Interest on ditto to December, 1885*	1,122
Land Sales ... ..	14,821
Recovery of Arrears (1879) ...	17,436
Sale of War Material ... ..	123,077

Total ... ..	£478,462
Add Receipts during 1885 ...	9,222,898

Total Extraordinary Receipts for the Two Years £9,701,360

The Extraordinary Expenses during 1886 were—

Indemnities ... ..	£3,772
New Custom Houses and Law Courts	57,901
Soudan (less £200,000 paid by Eng- lish Government) ... ..	432,611
Irrigation Works ... ..	116,855
Cost of issuing New Loan ... ..	79,884
Redemption of Pensions ... ..	81,085

Total ... ..	£772,108
Add expenses in 1885 ... ..	7,418,890

Total Extraordinary Expenses for the Two Years 8,190,998

Balance on hand at the end of 1886 ... .. £1,500,362

The following are the Estimates for the two years 1887 and 1888, as published by the Government:—

REVENUE.		1887.	1888.
Direct Taxes ... ..	£5,811,162	...	£5,792,993
Indirect „ ... ..	1,792,891	...	1,961,784
Receipts of Receipt Administrations...	1,912,208	...	1,813,580
Receipts of Administrative Services...	511,733	...	467,882
Carried forward ...	£10,027,994		£10,036,239

\* The Interest Account for 1886 had not been sent in up to the closing of the Accounts.

REVENUE				1887.	1888.
Brought forward	...	...	...	£10,027,994	£10,036,239
Rent and Produce of Government					
Property	...	...	...	86,310	81,258
Receipts from Suakim...	...	...	...	14,154	15,836
Pensions Fund	...	...	...	41,026	71,795
				<u>£10,169,484</u>	<u>£10,205,128</u>
Deduct Non-Valeurs	...			246,154	358,974
Total Revenue	...	...	...	<u>£9,923,330</u>	<u>£9,846,154</u>

EXPENDITURE.					
Civil List...	...	...	...	£367,282	£367,282
Cost of Administration and Revenue					
Collection	...	...	...	1,893,043	1,882,279
Expenses of Receipt Administrations	...	...	...	965,592	900,556
Public Security	...	...	...	604,633	662,430
Eastern Soudan...	...	...	...	36,103	20,090
Pensions...	...	...	...	512,820	589,743
Tribute and Debt	...	...	...	5,173,308	5,122,236
Unforeseen Expenses	...	...	...	10,256	10,256
Remunerative Expenses	...	...	...	56,410	10,256
Suppression of the Corvée	...	...	...	256,410	256,410
				<u>£9,875,857</u>	<u>£9,821,538</u>

RECAPITULATION.					
Revenue	...	...	...	£9,923,330	£9,846,154
Expenditure	...	...	...	9,875,857	9,821,538
Surplus	...	...	...	<u>£47,473</u>	<u>£24,616</u>

It will be seen that there is a reduction in all the items of Revenue except Indirect Taxes, where there is a considerable increase. This is based upon the expected effect on the Customs dues and Tobacco revenue, of the new

arrangement as to the import of Turkish Tobacco. The details of this arrangement will be found under "Turkey."

With regard to the estimate for "Remunerative expenses," the difference between 1887 and 1888 is due to there being no provision in the Budget for the latter year for "Petroleum" and "Recruiting," which figured in the former year to the extent of £30,769 and £10,256 respectively. The £10,256 allowed is for expenses in respect of "new taxes."

The various deposits of petroleum on the Red Sea coast may eventually become a source of Revenue to the Government.

#### DAÏRA SANIEH.

The annexed remarks, which are contained in a supplementary note by the British Controller, issued in August last, in connection with the Report of the Administration, give a very clear view of the present position of the Daïra Sanieh.

The Debt of the Egyptian Daïra Sanieh at the present moment (August, 1887) amounts to £8,649,500 in Stock, redeemable at 80 per cent., equal to £6,919,600 effective.

The most important of the possessions of the Daïra Sanieh are:—

- 1st. 481,446 acres of land, of which 162,934 acres are waste lands.
- 2nd. Ten sugar factories in full working order, turning out annually about 50,000 tons of sugar, and two factories unemployed.

3rd. 294 miles of agricultural railway in full working order, and used for the transport of sugar cane from the fields to the factories.

The annual burden at present for interest of Debt is £345,980, from which falls to be deducted the sum of £34,872, paid annually to the Daïra Sanieh by the Egyptian Treasury as interest upon the portion of the Debt which formerly concerned the "Daïra Khassa."

The charge, therefore, for interest of Debt, to be met annually out of the revenues of the Daïra Sanieh, is £311,108.

The burden of taxation upon the property of the Daïra Sanieh is £222,849, equivalent to about 14s. per acre of cultivated land.

Of the 319,412 acres of cultivated land belonging to the Daïra Sanieh, 267,743 acres were let in 1886, and produced, on an average, £1 8s. 9d. per acre. The rest was cultivated by the Daïra itself, or through associates. The rentable value of these latter lands is not equal to the average of the former, as in great part they represent lands for which no lessees could be found. Taking into account the lower value of the lands cultivated by the Daïra and its associates, the rentable value of the Daïra lands, as a whole, cannot be estimated at more than £1 8s. per acre. We have already said that the burden of taxation represents 14s. per acre, so that the scale of present taxation represents about 50 per cent. of the rentable value of the property.\*

But of the sum annually due by the Daïra Sanieh to the Treasury for taxes, only about £50,000 is hypothecated to the Foreign Debt of Egypt, and, in consequence, the Administration has yearly in hand a sum of £173,000 of these taxes to set against any deficit which has to be made good by the Treasury.

The guarantee of the Egyptian Government towards the Bondholders of the Daïra Sanieh is, therefore, only in small part a paper-guarantee, seeing that the Daïra has always in its possession a sum of Government funds representing more than half of the whole interest annually due to the holders of Daïra Stock.

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\* It would not be difficult to show that the relative proportion of taxation to rental on the estates of the Daïra is very approximately that of Egypt as a whole. In fact the State divides, in about equal proportions, with the proprietors the rentable value of the lands of the country.



The nett revenues in 1886 (after providing for taxes and the sum not likely to be recovered of rents before the close of the account on the 31st of December, 1887) was £36,645. This was the sum available from the operations of 1886 towards the payment of the interest charge upon the Debt. That charge in 1886 (after deduction of five per cent. on the Coupons) was £293,091.

The deficit, therefore, in 1886 to be made good by the Government was £256,446. Towards that deficit, £173,397 of unpaid taxes was applied, and £83,049 was claimed from and paid by the Treasury in cash.

The system of accounts, although very complicated, is, in many respects, admirable. The agricultural accounts are kept entirely distinct from those of the factories, and the annual profit or loss, not only of the agricultural operations and of the factories as a whole, but also of each of the estates and of each of the factories, is shown separately. Indeed, the subdivision is carried still further in connection with our agricultural operations. At the end of every year the profit or loss of each culture on each estate is indicated, and receipts, as well as expenses, are apportioned to the various cultures which they concern. Great progress has been made this year in rendering the accounts more clear by establishing perfect uniformity in the form of their transmission, and it will be possible, from the accounts of 1887, to establish a body of statistics calculated to facilitate the Controllers in their mission of supervision.

The accounts are all kept in Arabic; but it is unimportant in what language accounts are kept, provided their system is good. The translation of their results into an European language is an easy task. By means of such translation the Council has obtained, since last February, a monthly account of operations as complete as that published in the yearly reports, and so promptly are the accounts made up, that on the 26th of August last the Council was supplied with the operations of all the estates and factories to the 31st of the preceding month.

The Administration of the Daira Sanieh is essentially native, and in this respect it differs from that of "the Domains." In the latter the Executive is confided to a Trinity, of which two members are European. In the former the Executive is vested in a native Director-General, controlled by two Europeans—the one British, and the other French. These two Egyptian Administrations, the "Daira Sanieh" and "the Domains," with their different systems of organi-

sation, are working out an interesting problem, whose lessons will prove instructive.\*

To describe all the defects, to a critical eye, of the Administration of the Daïra Sanieh, would be a lengthy task. Agricultural operations in any country, even in those most advanced in civilisation, are exceptionally difficult to control. The infinite variety of their details, the constant modifications in results, from causes which can neither be foreseen nor obviated, make it difficult to prevent abuses, where there exists the disposition to commit them, or to detect them when committed. Immensely more so is this the case in a country like Egypt, where it may be said that tolerance of abuses, and an unjust scale of honest remuneration, during long years, have vitiated the sense of duty, and developed to an inordinate degree the talent of gathering unauthorised pickings. Further, a large portion of the "personnel" of the Daïra consists of functionaries chosen during past *régimes*, not from considerations of capacity, but those of favouritism. On account of the existing laws for pensions this evil can only be gradually dealt with, and the remedy is particularly slow when the choice of competent and conscientious functionaries is as small as it is at present in Egypt. But a decided improvement is already apparent, and, although more slowly than one could wish, the conviction is gradually extending that "honesty is the best policy" for advancement. It is right to add that this improvement

\* The results obtained by the two Administrations during the past five years have been the following :—

DOMAINS.				DAÏRA SANIEH.			
	Profit.	Loss.	Price of Cotton.		Profit.	Loss.	Price of Sugar.
	£	£	E. Piastres.		£	£	E. Piastres.
1882	..	200,557	290	1882	45,530	..	102
1883	..	177,725	260	1883	..	233,000	93
1884	..	175,000	241	1884	..	81,050	83
1885	..	263,000	208	1885	..	137,000	64
1886	..	160,000	229	1886	..	217,500	58
Loss in five years, £976,282, The fall in cotton from 1882 to 1886 was 21 per cent.				Loss in five years, £623,020 The fall in sugar from 1882 to 1886 was 43 per cent.			

The above results for 1882 to 1885 are taken from the definitive accounts; those of 1886 are from the provisional accounts. In the latter arrears of rent are not included.

is largely owing to the exceptional energy and integrity of the present Director-General.

Red-tapeism is a defect of Government Administrations in all countries, but nowhere is it so highly developed as in such old Oriental countries as Turkey and Egypt. Countless are the formalities which are intended to protect every administrative act. Not even the smallest operation can be carried out by an agent in the interior without previous and special sanction from the head office, the procuring of which involves, for matters representing only a few shillings, as much correspondence and paper-wasting as for those of thousands of pounds. The native system of administration is based upon a universal distrust of its agents, and hence no liberty of action is allowed them. It is probable that a larger degree of confidence would give rise to larger abuses, and possibly of the two evils, the most clumsy is the least dangerous. At all events the system can, with safety, be only gradually modified.

The chief interests of the Daira Sanieh are connected with sugar, and these have been affected most seriously by the extensive and continuous fall in the value of that article during recent years. The extent of the injury caused to the Daira Sanieh from the recent fall in the price of sugar may best be understood when it is said that, had the price of sugar been the same in 1886 as it was in 1883, the Daira operations in 1886, instead of showing a loss of over £200,000, would have left a profit of £40,000, after payment of taxes and interest.

The hope, therefore, of avoiding a deficit in the future depends upon the price of sugar. There appear reasonable grounds for the belief that the lowest point of the fall has been reached, and that in a not very distant future a rise of some importance may be established. Every rise of 6d. per cwt. in sugar is equivalent to £20,000 of profit to the Daira Sanieh. •

Other influences are also at work tending to improve our position. Previously to 1887 the purchases of canes from private individuals were made at prices which left a large loss to the Daira. This unnecessary generosity has been put a stop to, and the prices paid for these canes have been reduced to a point at which even present low prices for the manufactured article do not leave a loss.

Further, the introduction of economies in our fabrication has been constant during the past three years, and may be expected to continue.

These various influences, with the benefit of a more watchful direction than in the past, afford legitimate grounds for the anticipation of improved results in the future.

Speaking generally, the operations of the factories are very satisfactory. While sugar has been falling, increasing efforts have been made to reduce the loss by greater manufacturing efficiency and constant economies. The details furnished in the Official Report on this point will be read with interest. In the short space of three years the cost of production has been reduced by 43 per cent., and the extraction of sugar from the cane has increased by 7 per cent. These most encouraging results are largely due to the scientific knowledge and unremitting efforts of the French Controller, Mr. Gay Lussac. The average cost of fabrication was, in 1886, 3s. 8½d. per ton of sugar cane, while three of the factories succeeded in reducing the cost to 3s. 2½d. per ton of sugar cane.

The total production in 1886 was 51,685 tons of sugar and 13,541 tons of molasses, and the percentage of each obtained from the canes crushed was:—

					Per cent.
Sugar, 1st quality (white crystals)	...	...	...	...	6'51
" 2nd " (brown syrup)	...	...	...	...	1'77
" 3rd " "	...	...	...	...	0'55
Molasses	...	...	...	...	2'31
<b>Total</b>	...	...	...	...	<b>11'14</b>

The average density of the juice was 1069.

The analysis of average samples of the sugar manufactured gave:—

	1st Quality.	2nd Quality.	3rd Quality.	Molasses.
Water ... ..	0°20	2°90	3°70	20°10
Ashes or Salts...	0°20	2°50	3°40	11°30
Sugar ... ..	98°50	85°50	82°40	34°00
Glucose... ..	Apparent, but unmeasurable.	4°40	6°50	9°00
Various... ..	1°10	4°60	4°00	25°60
Total... ..	100°00	100°00	100°00	100°00

All the managers of the factories are Europeans under the native Director-General. Their official correspondence is in Arabic, and their accounts are kept in that language. These factories show how small the European element requires to be when it is competent.

Although employing, during the crushing season, some 1,300 hands daily, two Europeans suffice to direct each factory; and there is no disposition on the part of the latter to increase the number of their European subordinates.

When the sugar cane was introduced into Egypt, the primary intention of the late Khedive was to supply Egypt with sugar grown in the country, and several of the factories were furnished with machinery for refining. But financial difficulties led to the abandonment of the refining processes, and a hard-pressed Treasury preferred the prompt realisation by sale for export of the produce in an unrefined condition to the slower sale for local consumption. Thus it came about that Egypt shipped her sugars in an unrefined state to foreign countries, and these foreign countries returned them in the shape of the refined article. The loss to the country in transports, freights, labour, and profits was evident; but all was made subservient to the financial necessities. Curiously enough, when Egypt came under British influence, Free-trade instincts led to the *protection of foreign interests* by a heavy "octroi" duty upon *native* sugars. This has, however, been changed a few months since as regards refined sugar, and the produce of a native refining company, which buys the sugar of the Daïra Sanieh in a raw state, has been exempted from all "octroi" duty. The raw sugars of the Daïra Sanieh, sold unrefined for local consumption, are still taxed; but, as long as the Treasury pays the deficits of the Administration, to agitate for a change is unnecessary.

In 1886 only 5,000 tons of sugar, raw and refined, of the Daïra Sanieh were sold for local consumption, being about a quarter of the consumption of the country. But in 1887 the sales for local consumption will exceed 10,000 tons, and it is to be hoped that in future years the local wants will be still more fully supplied from native-grown sugars. To the Daïra Sanieh the gain, from economy in transports, upon its local sales, is about 7 per cent., and the profit to the country from labour is much greater.

The same may be said of alcohol. Our sales of alcohol for local consumption in 1886 were only about 50,000 okes, while Russia and Austria exported to Egypt four times the quantity. In 1887 the Daïra Sanieh has contracted for a local consumption of 200,000 okes. We thus find an employment on the spot for our molasses much more profitable than their sale for export. The foreign trade is still, however, protected by a large "octroi" duty of 9 per cent upon native alcohols.

In 1887 £20,000 nominal of stock has been cancelled by purchase. The funds thus employed were obtained by sales of land at prices more remunerative than the rents realised during the past five years. Any increase in the prosperity of the country will render such operations possible on a larger scale. It is to be desired, in the interests both of the Daira Bondholders and of the country, that in this way the lands may gradually return to private individuals, from whom they were originally taken, and for this purpose it may be found advantageous to devise facilities for the acquisition of lands by present tenants on a graduated scale of payment.

In conclusion, it is often a subject of remark that valuable estates, such as the Daira Sanieh, should leave a heavy deficit falling upon the Treasury, but it will be apparent from the preceding observations that the immediate cause of this deficit is the exceptionally low price of sugar, and it is right further to bear in mind two circumstances of importance. The one is the heavy burden of taxation, and the other that the charge for interest is 5 per cent. on the effective Debt, and that the effective amount of that Debt is probably £1,000,000 in excess of the present value of the properties.

R. HAMILTON LANG.

### STATE DOMAINS.

The Council are again indebted to Mr. Gibson, the English Commissioner, for kindly sending a copy of the Report of the Administration of the State Domains for 1886, and the following Statements are taken from that source :—

Out of 404,552 acres held by the Commissioners on 1st January, 1886, 6,839 acres were sold during that year. Of this quantity 5,187 acres were sold after the crops were gathered. The amount realised from these sales was £137,662 in cash and £7,795 to be paid by instalments, making a total of £145,457. Since the Domains have

been in the hands of the Commissioners, 27,816 acres have been sold for £913,275, of which £886,428 was in cash and the remainder, £26,847, payable in ten yearly instalments from 1887 to 1896.

The area of lands let was 227,205 acres. The total area remaining in the hands of the Commissioners at the end of the year was 397,713 acres\*; of this area 61,340 acres were bad lands, leaving a net area of workable land of 336,373 acres; 18,229 acres were cropped twice during the year.

The charges on the above area were as follows :—

Taxes	...	...	...	£136,474	
Service of Loans	...	...	...	386,175	
					£522,649
Expenses of cultivation and administration	...	...	...		402,125
Total	...	...	...	...	£924,774
The total amount available to meet these charges (including £332,231 for lettings), was	...	...	...	...	£860,294
The excess of Expenditure was therefore	...	...	...	...	64,480
And adding the taxes unpaid in the unas- signed provinces	...	...	...	...	95,488
the total deficiency becomes	...	...	...	...	£159,968

This result is to a certain extent satisfactory, as it is less by £32,821 than the estimated deficit.

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\* This was further reduced during 1887 to 373,935 acres.

The yield of produce was rather above than below the average, but the average prices obtained were below those of former years.

The experiment of consigning cotton direct to Liverpool instead of selling it at Alexandria, was tried with interesting results, for the nett return, after paying expenses £2 16s. 5d. per cantar, against £2 11s. 5d. per cantar for that sold at Alexandria, gave a profit of 5s. in favour of the experiment ; which will be repeated on a larger scale in 1887.

The following Tables give a general view of the Ordinary Yearly Receipts and Expenditure from 1879 to 1886 :—



## SUMMARY OF EXPENSES FOR THE YEARS 1879 TO 1886.

	1879.	1880.	1881.	1882.	1883.	1884.	1885.	1886.	Total.
Taxes ... ..	£ 179,861	£ 173,502	£ 154,161	£ 151,482	£ 148,812	£ 147,692	£ 140,221	£ 136,175	£ 1,231,906
Coupons and Com- mission ... ..	213,562	426,997	424,324	420,876	404,665	390,100	370,758	364,948	2,016,230
Sinking Fund ...	360	47,902	135,828	90,494	462,449	339,487	...	...	776,520
Tewhida Hanem Loan, Service of	31,533	21,024	21,230	21,230	21,109	21,022	21,232	21,226	179,596
Advances ... ..	...	10,097	17,708	14,299	14,026	...	...	...	56,130
Purchases of Land...	...	9,922	...	...	...	...	...	...	9,922
Total Amount paid to or for the Go- vernment... ..	425,316	689,444	753,251	698,381	1,051,061	598,301	532,211	522,349	5,270,314
Expenses of Cultiva- tion and Admi- nistration ... ..	471,910	468,111	521,574	446,029	413,994	427,895	427,324	402,125	3,578,962
TOTALS ... ..	897,226	1,157,555	1,274,825	1,144,410	1,465,055	1,026,196	959,535	924,474	8,849,276

## SUMMARY OF THE ORDINARY RECEIPTS FROM 1879 TO 1886.

Year.	Lands under cultivation.		Lands farmed out.		Houses.	Total.
	Area.	Produce.	Area.	Produce.		
1879	Feddans. 177,962	£ 932,815	Feddans. 169,618	£ 230,377	£ 35,472	£ 1,198,664
1880	149,022	853,695	195,883	266,772	21,737	1,142,204
1881	131,847	675,234	226,694	329,158	23,009	1,027,401
1882	122,445	592,759	253,047	389,688	16,408	998,855
1883	110,291	589,624	251,645	381,155	7,790	978,569
1884	134,029	572,865	234,758	331,188	3,603	907,656
1885	135,470	460,976	225,913	327,095	2,180	790,251
1886	114,355	*527,631	227,205	332,231	432	860,294

\* Including £15,727 produce unsold or not yet paid for.

The financial position on the 31st March, 1887, was as follows :—

	Expenditure.	Receipts.	Excess of	
			Expenditure.	Receipts.
1887—Ordinary Budget ...	£ 94,160	£ 42,439	£ 51,721	£ ...
Extraordinary Budget	172,702	211,577	...	38,875
1886—Closed Accounts ...	1,061,000	964,181	*96,819	...
Supplementary Budget	2,859	40,330	...	37,480
Totals ...	£1,330,712	£1,258,527	£148,540	£76,355

Excess of Expenditure ... .. £72,185

Working Capital ... .. 260,910

Surplus Receipts ... .. £188,725

This surplus is represented by sundry Balances, Advances to Cultivators, etc.

The 5 per cent. Tax deducted from the Coupons due in 1885 and 1886 has now been repaid on presentation of the Certificates of Deduction, as mentioned in the General Report.

\* This amount is made up as follows :—

Balance unpaid or unsold on 31st March,

1887 ... .. £38,001

Deficit to be made good by Government 64,480

£102,481

Balance unpaid on 31st March, 1887

5,662

£96,819

A sum of £88,642 derived from sales of land, etc., was applied during 1886 to the purchase of Bonds for redemption, and the following Table shows the amount of Stock so redeemed from 1879 to 1887 inclusive:—

Year.	Stock Redeemed.			Total.
	By Sales of Land, etc.	By Ordinary Sinking Fund.	By Interest set Free.	
1879	£ 380	...	£ ...	£ 380
1880	5,620	42,120	...	47,740
1881	95,500	46,840	2,240	144,580
1882	54,500	43,160	5,140	102,800
1883	450,280	44,080	7,800	502,160
1884	49,080	...	11,140	60,220
1885	144,260	...	11,320	155,580
1886	153,360	...	10,840	164,200
1887	—	...	—	512,480

Total	...	...	...	...	...	£1,690,140
Amount of Issue	...	...	...	...	...	8,500,000
Outstanding	...	...	...	...	...	<u>£6,909,860</u>

NOTE.—The amount proceeding from sale of lands, etc., from 1879 to 1886 inclusive, and employed in the redemption of Bonds, is stated to be £886,427. The details for 1887 are not yet available.

The scheme for the consolidation of the Domain and Daira Loans has not, up to the present time, taken a practical shape. The Loan is, however, being gradually reduced by contracting the area of lands held, and the Government is aiding in this work by the commutation of Pensions for land, 22,756 acres for a sum of £475,510; of this sum about £428,717 represents the capital value of pensions redeemed, and the remainder, £46,793, represents

land purchased by the ex-pensioners out of their own resources. The Government still has a balance of £135,384 applicable to this purpose.

Late advices state that a settlement of the claims of the ex-Khedive and his family by a grant of Domain Lands has now been agreed upon. Pensions assigned to them, of the annual amount of £88,690, are to be capitalised at fourteen years' purchase, and commuted for land to the value of £1,241,025. The old claims for crops, etc., are to be settled by the Government for a lump sum in cash of £102,564. The ex-Khedive and his family have also the option of taking in cash, for the purpose of stocking the land, a lump sum of £184,615, to be divided among them in the same proportions as the land. Should they, however, exercise this option, a proportionate amount of land will be deducted. In addition to this, the Government engage to cede the palaces of Emirghian, at Constantinople, and the Kasr-el-Aly, and Ghezireh at Cairo. The cost of maintenance of these palaces, from which no Revenue is derived, is estimated at not less than £4,100, so that the total saving will not fall far short of £93,000. As the land will have to be purchased by the Government from the Domains Administration, it may be necessary to issue a Loan, making a liberal allowance for expenses, of say £1,450,000 to cover these claims. Allowing interest at  $5\frac{1}{2}$  to 6 per cent., the annual saving to the Treasury would be from £6,000 to £13,000. It is now stated that the Government has consulted the English Treasury as to the advisability of obtaining authority once for all to issue six millions of Stock, if and when required, for the Conversion of the Domain Loan, the annual cost of which exceeds the 5

per cent. paid to the Bondholders. Every acre of the Domain Lands sold saves the Government 10s., more or less, of annual deficit, the proceeds being employed in the redemption of Stock; and assuming the area of land ceded at 30,000 acres, the Domain deficit should be reduced by about £15,000.

## GUATEMALA.

### STATEMENT OF PUBLIC DEBT.

5 per Cent. Loan of 1856... <sup>£</sup> 70,600	Arrears of Interest to 31st Dec., 1887, inclusive ... <sup>£</sup> 43,831
6 per Cent. Loan of 1869... 468,600	Arrears of Interest to 31st Dec., 1887, inclusive ... 339,735
Total Principal ... <u>£539,200</u>	Total Arrears ... <u>£383,566</u>

### Guatemala Committee.

General Sir George Balfour,  
K.C.B., M.P., *Chairman*.  
George Cavendish Taylor, Esq.,  
*Deputy-Chairman*.  
Right Hon. E. Pleydell Bouverie,  
*Ex-officio*.  
J. C. Bayley, Esq.  
James Roberts Brown, Esq.  
Hyde Clarke, Esq.

F. G. Horne, Esq.  
Count de Torre Díaz.  
Lieut.-General Sir Luther  
Vaughan, K.C.B.  
Morgan Yeatman, Esq.

*Secretary.*  
Charles O'Leary, Esq.

It will be remembered that the arrangement of December 1884 for the settlement of the Guatemala Debt, which,

in its amended form as sanctioned by Congress in March, 1885, was being carried out by Messrs. Thomson, Bonar and Co. in conjunction with this Council, was suddenly put an end to by the suspension of all payments, decreed on the 1st of August of that year.

Since that time the Council and Committee have made various endeavours to induce the Government to resume its obligations to its creditors, but until recently without result. But they are glad to be able to report to the Bondholders that there is now every prospect of a settlement.

In June last President Barillas assumed supreme power as Dictator of the Republic.

On the 29th of August a Decree was issued for the arrangement of the Public Debt. By this Decree the 5 per cent. Bonds of 1856, and the 6 per cent. Bonds of 1869, are to be converted at par into New Bonds of the External Consolidated Debt of Guatemala, bearing interest at the rate of 4 per cent. per annum, with an accumulative Sinking Fund of one-half per cent. per annum, to commence after three years. The arrears of interest are to be capitalised, and Bonds of the New Debt issued in exchange for them. A portion of the Customs Duties of the Republic is set aside for the service of the New Bonds, and collected by a Committee consisting of one representative each of the Bondholders, the Government, and the Railways now being constructed in Guatemala.

A copy of the Decree *in extenso*, is appended to this Report, as well as the special Tariff of Customs Duties to be collected for the benefit of the Bondholders.

This arrangement was accepted by a General Meeting

of the Bondholders of both Loans on the 3rd November last, and the Council now await the arrival of the Government Commissioners to assist them in settling all the details of the Conversion.

The following Analysis of the Report of the Secretary of Finance, published in March, 1887, shows the state of the Finances of the Republic for the past year :—

ANALYSIS OF THE REPORT OF SECRETARY OF FINANCE,  
MARCH, 1887.

*Customs—*

The nett receipts from Customs Duties for 1886 were as follows :—

Guatemala Custom House ...	\$1,301,372.81
Retalhuleu                   "       ...	282,007.73
Livingston                   "       ...	115,880.56
Ocós                         "       ...	4,584.74
<hr/>	
Total ...       ...       ...       ...	\$1,703,845.84
<hr/>	

The revenue derived from this source amounted to \$748,256.98 during the first six months of 1886, including the additional 20 per cent. duty imposed by a Decree of the 23rd October of the previous year, while the amount collected during the succeeding half-year was \$955,588.96, exclusive of the additional duty, which had in the meantime been repealed.



## FINANCE MINISTER'S REPORT FOR 1886.

## REVENUE.

*Customs—*

Import Dues	...	...	...	\$915,249.83
Export „	...	...	...	687.10
Sundry „	...	...	...	1,376.95
“Anticipos” of Import Dues	...	...	...	94,715.67
Amount not yet collected for account of ditto...	...	...	...	6,570.04

*Taxes—*

Three per mil Tax	...	...	...	98,332.21
Road Tax	...	...	...	81,873.27
Military Tax	...	...	...	5,602.10
Stamped Paper and Book Licenses	...	...	...	113,025.30
Stamps	...	...	...	9,602.05
Flour Tax	...	...	...	39,961.52
Salt „	...	...	...	32,987.42
Slaughter Tax	...	...	...	108,107.16
Succession „	...	...	...	1,700.24
Five per cent. Tax on Sales of Land	...	...	...	1,047.22

\$1,018,599.59

Revenue from Liquors...	...	...	...	1,166,206.76
Do., Powder and Saltpetre...	...	...	...	21,274.57
Do., Tobacco...	...	...	...	7,502.71
“Anticipos” of Liquor Revenue	...	...	...	223,249.75

492,238.49

1,418,233.79

*Sundries* (including sale of Waste

Lands, \$16,971.53; Bills Receivable, \$474,468.72; Deposits, \$66,435.68; Sundry Creditors, \$44,200; Sundry Contracts, \$40,000, etc.)

730,729.73

*Special Revenues—*

*Faculties (Fees, etc.)	...	...	...	28,468.89
Telegraphs...	...	...	...	119,871.88
Post Office...	...	...	...	31,191.79
Hospitals & Charitable Institutions	...	...	...	105,877.37
Municipalities	...	...	...	8,689.18
Police	...	...	...	69,588.88

363,687.99

Carried forward ... \$4,023,489.59

\* Medicine, Law and Engineering.

Brought forward	\$4,203,489.59
Collected in Bonds in the Customs and Departmental Administrations	\$411,014.38
Paid in in Bonds to the National Treasury, and in cash to the Syndicate for amortization of said Bonds by drawing ... ..	108,022.09
	<u>519,036.47</u>
Total Revenue ... ..	4,542,526.06
„ Expenditure ... ..	<u>4,475,871.22</u>
Surplus ... ..	<u>\$66,654.84</u>

## EXPENDITURE.

*Administration—*

Finance, including \$2,893.24	\$195,313.29
War Department „ 9,431.00	1,085,167.19
Public Works „ 10,867.40	159,940.81
Home Department „ 11,841.76	294,888.75
Public Instruction „ 5,913.70	212,691.21
Foreign Affairs „ 200.00	61,572.15

Extraordinary  
Expenditure*Cost of Collection—*

Of Taxes ... ..	31,058.77
„ Liquor Revenue ... ..	145,400.62
„ Powder and Saltpetre Revenue	2,111.60
„ Tobacco Revenue ... ..	577.80
Sundry Expenses ... ..	<u>142,953.11</u>

\$2,009,573.40

*Redemption of Debt—*

Bonds of the Northern Railway...	343.58
„ Internal Debt (secured)	1,14,203.56
„ „ (unsecured)	5,153.46
„ \$500,000 Loan ... ..	289,013.05
„ 200,000 „ ... ..	161,794.03
„ 200,000 (extraordinary)	56,042.44
„ Shea, Cornick & Co., with interest ...	25,173.53
„ Antigua Railway ... ..	3,800.67
„ Anticipos of Liquor Revenue...	271,270.36
Liquor Revenue Bonds ... ..	62,481.62
„ Anticipos of Import Dues ...	<u>271,807.32</u>

322,101.90

1,261,083.62

Carried forward... .. \$3,592,758.92

	Brought forward.	...	...	\$3,592,758.92
Sundry Amortizations	...	...		360,002.44
Board of Public Debt (remitted in cash)	...	...	...	109,828.59
<i>Special Establishments—</i>				
*Faculties (Salaries, etc.)	...	...		\$24,501.20
Telegraphs	...	...	...	151,490.08
Post Office	...	...	...	38,522.29
Hospitals & Charitable Institutions				109,987.10
Municipalities	...	...	...	15,082.55
Police	...	...	...	73,698.05
				<u>413,281.27</u>
Total Expenditure	...	...	...	<u>\$4,475,871.22</u>

It is pointed out, however, that although the above amounts came into the Treasury during 1886, the true Revenue of the country, *i.e.*, that corresponding to the financial year itself, exclusive of balances unpaid from former periods, amounted to \$4,015,747.35, while the Expenditure similarly did not

exceed ... .. \$4,054,807.41, showing

a deficit of not more than ... \$39,060.06, which is insignificant as compared with the adverse balances of the last four years, which have never been less than \$200,000. This result is due to the economy practised by the Executive, who have effected savings of \$544,036.01 in the Administrative expenses of the second half-year, as compared with those of the first half-year.

It is manifest, however, that notwithstanding this economy, the national Revenue will not suffice for the expenses, 50 per cent. of the Maritime Customs Duties

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\* Medicine, Law, and Engineering.

being assigned to the redemption of the Public Debt. The Customs Revenue is the most important of all the national sources of income, and when half of it has to be put aside, it is certain that new additions to the Debt must be the result.

The following is a statement of the Debt on the 31st December, 1886 :—

Due to the Board of the Public Debt for sundry Administrative expenses	\$5,702,843.43
Due to the Treasury for Deficits payable out of the unassigned portion of the Revenue*	1,145,650.00
External Debt and Interest payable with the surplus funds of the Board	4,359,230.00
	<hr/>
	† \$11,207,723.43
* This amount has been swelled by a deficit during Jan. and Feb. of	94,569.72
	<hr/>
Making the total indebtedness at the end of the latter month equal to	<u>\$11,302,293.15</u>

The outstanding amount of Treasury Bills is \$122,725. \$410,000 Treasury Certificates were issued for arrears of the Civil List under Decree 154. These not proving sufficient for the purpose, the remainder of the issue of \$200,000 was utilised to pay such creditors as would accept them. Of the former issue, \$301,200 had been redeemed on the 31st December, together with \$56,042.44 of the latter.

Of the issue of \$200,000, authorised by the Assembly for military arrears, which was placed at a discount of

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† Against \$10,643,462.94 for 1885.

15 per cent., only \$38,205.97 were outstanding on that date. Of the \$154,923.11, issued by arrangement with Messrs. Shea, Cornick & Co., in discharge of their claim, \$25,173.53 were paid at the end of the year, while \$3,800.67 had been paid to the Contractor of the Antigua Railway Company on account of the issue of \$54,600, corresponding to the first year of his contract.

The pressure of its liabilities obliged the Treasury to find funds for its most urgent necessities, and to this end documents were issued, some redeemable directly by the Treasury, but for the most part in the shape of "Anticipos" on the Liquor Revenue and the Customs. In consequence of these Contracts there is a charge for discount alone in respect of "Anticipos" of \$67,516.02. On the other hand the following redemptions have been effected :—

Bonds of the Internal Debt (secured)	\$114,203.60
Ditto (unsecured)	5,153.46
Loan of \$500,000 ... ..	44,337.50
" \$300,000 ... ..	23,333.32
Debt of Charitable Institutions ...	27,213.47
	<hr/>
	4,241.35

Of "Anticipos" for Customs, while \$493,270.84 have been issued during the year ... \$506,748.92 have been redeemed, reducing the outstanding balance to \$155,189.85, as against \$168,667.63 at the same period of the previous year.

The Export Duties on Coffee and Sugar, which are the staple produce, have been abolished by a Decree dated the 30th September, 1885, and in consequence the revenue derived from exports has declined from \$126,766.65 in

1885, to \$687.10 in 1886. Although the loss to the Revenue is so large, it will no doubt be compensated by the increased activity of trade, the value of exports (chiefly Coffee) having been no less than \$6,812,223.20.

Stamps and Stamped Paper produced \$126,272.08, against \$123,021.89 in 1885. This increase is explained by the requirements of persons interested in the settlement of the Debt.

The Salt tax gave \$32,889.97, against \$32,668.22 in 1885, in spite of a reduction in the rate.

The 3 per mil tax lost upwards of \$10,000, yielding for 1886 no more than \$101,072. This is due to the distress caused by the earthquakes and frosts in the departments of Sacatepéquez and Amatitlán, on account of which they have been exempted from payment of this tax for three years.

The Road tax, which has been collected with increased activity, gave, on the contrary, \$81,873.27, against \$22,140 for the previous year; while the Military tax only yielded \$5,602.10, against \$32,154.17 for the previous year.

The Liquor revenue, which only yielded \$1,318,052.15, seems to have reached the limit of its taxable power, since the inducement offered to smugglers and fraud is sufficient to bring about this unsatisfactory result.

The following Returns are taken from the Report of the Statistical Department of the Republic:—

#### POPULATION ON 1ST JANUARY.

1882	...	...	...	1,252,497
1883	...	...	...	1,276,961
1884	...	...	...	1,278,311
1885	...	...	...	1,284,604
1886	...	...	...	1,322,544
1887	...	...	...	1,357,900

## MUNICIPAL REVENUES.

The total Revenue for 1886 was—

\$505,211.96, or \$0.37 per head of population.

The total Expenditure, \$473,314.02, which includes—

\$61,906.03 for Town Improvements,

34,816.05 „ Public Works,

48,253.65 „ Public Instruction,

6,903.00 „ Purchase of School Material.

RETURN OF LIVE STOCK SOLD FOR CONSUMPTION  
IN 1885 AND 1886.

	Horned Cattle.	Pigs.	Sheep.
1885	64,982	90,194	11,476
1886	67,820	86,099	10,851
	+2,838	—4,095	—625

## FLOUR.

The total amount consumed during 1886 was 142,692 quintals 10 lbs., of the value of \$1,250,494.18, giving 10 lbs. 13 ozs., at 94 centavos, per inhabitant. This small consumption of flour is explained by the fact that the traditional *tortilla* or corn-cake is almost the only bread consumed by the indigenous races, who are more than twice the number of the population of European descent.

## AGRICULTURE.

The value of the Coffee harvest for 1886 was \$6,189,686.40, and that of Sugar \$1,160,865.21.

## CUSTOMS RETURNS.

## IMPORTS DURING THE LAST FIVE YEARS.

Year.	Value.	Duty.
1882	\$2,652,042.34	\$1,679,047.93
1883	2,420,568.87	1,469,187.27
1884	3,829,650.75	1,627,986.54
1885	3,788,134.90	1,487,039.63
1886	*3,537,399.38	1,733,845.84

## EXPORTS.

Year.	Value.
1882	\$3,719,209.97
1883	5,718,341.07
1884	4,937,941.13
1885	6,069,645.82
1886	,812,273.20

[TRANSLATION.]

DECREE No. 394.

*MANUEL L. BARILLAS, General of Division and  
President of the Republic of Guatemala, in Council  
with the Ministers.*

## CONSIDERING :

That one of the principal causes which obliged the Government to issue the Decree No. 380, was the lament-

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\* \$301,595.60 for freight, package and insurance is included in this amount.  
A proportionate sum is no doubt included in the returns for other years.



able state of the credit of the Nation, both as regards the Internal and External Debts of the country;

That the present Government is in duty bound to raise the national credit to the level of a country, with resources such as Guatemala possesses, by recognising the Debts incurred by former Administrations;

That in order to raise the said credit no more should be offered than can be punctually fulfilled, without diverting the sums needed by the Government for its Administrative Service, in the pursuit of the policy of advancement and progress which it proposes to follow;

That no arrangement, however convenient it may appear, can fulfil the conditions necessary to make it permanent and secure, and at no time liable to alteration of any kind without a constant guarantee rendering immutable the provisions, which assign and set aside the amounts destined for the public Debt;

That the last Legislatures, far from upholding the good name of the Republic in foreign countries, have excluded from equitable settlements Debts contracted by the Nation abroad arising out of the Federal Loan and the Loan of 1869, and have rather endeavoured to reduce the rate of interest to the detriment of their country's credit;

That with respect to the Internal Debt, they confined themselves to fixing a high rate of interest on the capital, and to making unjust and unfounded classifications to the great prejudice of many of the Creditors;

That notwithstanding the statement contained in the foregoing paragraph of this preamble, and the illegality of the provisions to which it alludes, the Government recognises the fact that the actual holders of Stock have

acquired rights which they did not formerly possess, and that the laws and provisions enacted by those Legislatures, far from raising the national credit, and establishing a feasible and orderly progress of public affairs, had rendered those laws impracticable from the moment that they were not based on a just appreciation of the financial situation of the country; but on the contrary tended to depress credit and to engender distrust, thereby leading the Executive into a situation at once anomalous and of absolute helplessness;

That in order to favour the holders of Bonds of the Internal Debt, it is indispensable to give an actual and positive value to these Bonds in foreign markets, in order to effect the mobilisation of a Capital, which up to the present time has remained inactive;

That no arrangement can promote the efforts of the Government in raising the credit of the country unless it includes a fixed and secure guarantee, applicable alike to the Internal and External Debt, an indispensable condition being that the Funds destined for the service of the Public Debt be received and allocated by respectable persons in the entire confidence of the Bondholders;

That it is not only convenient, but necessary to unify all the above-mentioned (Internal) Debt, in order to offer facilities for, and to simplify its circulation in the transactions of private persons, and on account of the advantages which one single quotation of stock in the market will confer on the Bondholders;

That, upon unifying the Debt, it would not be equitable to reduce the rates of interest of the present Bonds of the First and Second Class, without giving a bonus to compensate in a measure for such reduction;

That the operations alluded to will contribute, in an efficacious manner, towards giving a better price and circulation to the Bonds of the Public Internal Debt, a result which has not been attained up to the present time notwithstanding that Interest at the rates of 12, 9, and 6 per cent. has been paid thereon ;

And, desiring that there may be no further delay in the definite arrangement of an affair of such great importance and the continuance of which casts a blemish upon the good name of Guatemala, and, moreover, is injurious to the national credit ;

#### DECREES :

ART. 1. The outstanding capital of the British Loan of 1869, which now amounts to the sum of £486,600 sterling, and the interest thereon at the rate of 6 per cent. per annum, reckoned up to the 31st of December, 1887, amounting to £325,848, together with the existing capital of the Federal Loan, which at the present date amounts to the sum of £70,600, and the interest thereon at 5 per cent. calculated up to the 31st of December, 1887, amounting to £43,242, shall, after verification, be capitalised up to the aforesaid date of the 31st of December of the present year.

ART. 2. The total of the capitals and respective interests of both of these Loans, which amounts, subject to verification on the 31st of December next, to the sum of £908,290 sterling, shall be unified and converted into one single debt, which shall be denominated "External Consolidated Debt of the Republic of Guatemala." The External Consolidated Debt shall bear interest at the rate of 4 per cent. per annum with an accumulative

Sinking Fund of  $\frac{1}{2}$  per cent. per annum, calculated on the £908,290 as liquidated.

ART. 3. The Sinking Fund of  $\frac{1}{2}$  per cent. per annum referred to in the previous article, shall come into operation three years after the date of acceptance of this Contract by the Committee of Bondholders, and during that interval the Government of Guatémala shall only be under the obligation to pay the stipulated interest of 4 per cent.

ART. 4. The Government of Guatemala, in order that the Internal Debt may be negotiable (*tenga valor*) abroad, unifies and consolidates it into one single Debt bearing interest at 6 per cent. per annum, and an accumulative Sinking Fund of 1 per cent. per annum, commencing three years after this date, calculated on the total amount of the Debt, the existing capital of which, with the respective bonuses, amounts to the sum of \$6,190,844, which Debt shall be denominated "Internal Consolidated Debt of the Republic of Guatemala," and shall have the same guarantee as the External Debt.

ART. 5. There are included in this consolidation:—

- 1st. The Debt of the first class, with a bonus of 18 per cent.
- 2nd. The Debt of the second class, with a bonus of 12 per cent.
- 3rd. The Debt of the third class without bonus.
- 4th. The Floating Debt, and
- 5th. The liquidation and consolidation of the Public Debt, which may be made by the National Treasury with the respective bonuses, according to the class to which it belongs, as set forth in Decree No. 154.

All the above Debts make a total of \$6,400,000.

ART. 6. The following Debts are excepted from the consolidation of the Floating Debt:—

- 1st. Salaries and expenses of the War Department.
- 2nd. Salaries of the Department of Public Instruction, Interior and Justice, Finance, Foreign Relations, and Public Works.
- 3rd. Salaries of the Boundary Commission.
- 4th. Judicial and Private Deposits.
- 5th. Pay rolls of the Department of Public Works.
- 6th. Salaries of the Police.
- 7th. Shea, Cornick and Co., in conformity with the Decree of 18th of March, 1886.

ART. 7. For the payment of interest of both Debts as well as of the Sinking Fund, when the latter comes into operation, the Government of Guatemala assigns a portion of the duties leviable upon each package of foreign merchandise that may be imported into the country through any of the ports of the Republic, according to the regulations which shall be framed for that purpose by the Minister of Finance, to an amount sufficient to cover the following sums:—

For interest on the External Debt 4 %	...	£36,331	or	\$181,655
Exchange at ... 25 %	...	9,083	„	45,415
For interest on the Internal Debt 6 %	...	...	...	371,450
Total	...	...	...	<u>\$598,520</u>

And after a lapse of three years —

For interest and sinking fund of the External Debt 4½ %	...	£40,872	or	\$204,360
Exchange at 25 %	...	10,218	„	51,090
For interest and amortization of the Internal Debt 7 %	...	...	...	433,359
Total	...	...	...	<u>\$688,809</u>

The nation cedes and transfers for the benefit of the creditors of the State, be they of the Internal or External Debt, the assignment of the maritime revenue established by this Law, and in no case and under no pretext, be the circumstances of the Republic what they may, shall the Government dispose of the said assignment; and any payment of the same made to any other office save that of the Committee created by this Decree shall be declared null and void.

ART. 8. The part of the duties referred to in Article 7 shall be paid by the Importer to a Committee composed of a Representative of the Bondholders of the External Debt, a Representative of the Holders of Bonds of the Internal Debt, and a Representative of the Railroad Companies; this Committee shall deposit the funds so collected at one of the banks of the capital, and the receipts issued by it shall be accepted by the Custom House on account of the duties which may have to be paid for the introduction of merchandise.

ART. 9. The Bonds of all the External Debt as well as their respective Interest Coupons shall be exchanged for New Bonds of the Consolidated External Debt, which shall be for the value of £100 each, and shall have their coupons for interest attached for the period calculated for the total amortization of the Debt.

ART. 10. The present Bonds of the Internal Debt shall be exchanged for the New Bonds of 6 per cent., to be issued in the following series and denominations at the option of the Creditors :—

- I. Series A \$100 or £16.
- II. Series B \$500 „ £80.
- III. Series C \$1000 „ £160.

ART. 11. On these Bonds there shall be printed a clause by which the Government reserves to itself the right to pay the interest and Sinking Fund in this capital in silver of the country, allowing for exchange a maximum of 25 per cent. on every five hard dollars of coined silver per English pound sterling.

ART. 12. The Committee referred to in Article 8 shall have its residence in the capital of the Republic.

ART. 13. The attributes of this Committee shall be the following :—

- I. To collect the value of the special assignment referred to in Article 7.
- II. To pay with the proceeds thereof, in the capital of Guatemala, the accrued interest and Sinking Fund to the Holders of Bonds of the Internal Debt and to the holders of the Railroad Bonds.
- III. To place in London the sums necessary for the payment of interest and Sinking Fund of the External Debt.

ART. 14. The Bonds of the Internal Debt shall be issued by the Department of Finance and Public Credit, bearing the signature of the Minister of that Department, those of the National Treasurer and Accountant of the Treasury and countersigned by the General Director of Accounts, upon which they shall be exchangeable for the outstanding Bonds, certificates, receipts, and documents which they represent ; and the New Bonds of the External Debt shall be issued in London with the same formalities as those now in circulation in that market.

ART. 15. The amortization of the Bonds of the Internal

and External Debts shall be effected by half-yearly drawings; those for the former to take place in Guatemala, and those for the latter in London. The Bonds redeemed of both classes shall be called in by the Committee of the Public Debt, resident in Guatemala, for delivery to the Government.

ART. 16. The Guatemala Committee shall liquidate with the Government every six months the Account of what they have received on account of the special assignment referred to in Art. 7; and if from such liquidation it should appear that more money has been collected than is necessary for the service of both Debts, the Committee shall retain the excess for the purposes mentioned in Art. 23. And in case of a deficiency the Government shall complete the sum necessary for due payment.

ART. 17. The interest on both Debts shall be paid as follows: That of the Internal at the expiration of each quarter, and that of the External at the expiration of each half-year, fixing for payment of the Internal Debt the 31st of March, 30th of June, 30th of September, and the 31st of December; and for the External Debt the 31st of July and the 31st of January respectively.

ART. 18. The Government of Guatemala shall name two Commissioners, with powers in due form, to propose to the Bondholders of the English Debt the acceptance of this Law: as well as for the purpose of issuing New Bonds in exchange for those actually outstanding in the hands of the said Bondholders for the Loan of 1869, together with their Interest Coupons, as well as for those corresponding to the Old Federal Loan.

ART. 19. The Commissioners of the Government, once in accord with the Committee of English Bondholders,



will set apart the term of ninety days for the exchange of the Old Bonds, on the understanding that those which shall not have been exchanged within that period shall be sent by their owners to the Committee in Guatemala for exchange.

ART. 20. The Committee of Bondholders, in conjunction with the Guatemala Commissioners, immediately after accepting and signing the Convention which may be arrived at, shall publish the result of the negotiation in the principal newspapers of the great markets of Europe and America, in order that the Bonds may be quoted in the various foreign Stock Exchanges.

ART 21. The Committee of English Bondholders once having accepted this Law, it shall, as regards the External Debt, come into operation from the 1st of January of next year, so that the interest may be liquidated and capitalised up to the 31st of December next.

ART. 22. In order to guarantee the collection of the tax referred to in Article 7, and the punctual, faithful, and exact application thereof to the payment of interest and Sinking Fund of both Debts, the Committee will be assisted by the good offices of the Minister of the United States of America and of the Representative of Her Britannic Majesty, whose acceptance of the charge has been solicited.

ART. 23. If the Committee should receive half-yearly a larger sum than is necessary for the service of the Debt, the excess shall be applied to amortization as set forth in Article 16 by means of Drawings to be made by the Committee itself.

ART. 24. By the present Law all dispositions which refer to arrangements with regard to the Public Debt are hereby reformed and repealed.

Given in Guatemala this twenty-ninth day of the month of August, in the year one thousand eight hundred and eighty-seven.

(Signed) MANUEL L. BARILLAS.

(Signed) MAURICIO RODRIGUEZ, *Minister of Finance.*

(Signed) LORENZO MONTUFAR, *Minister of Foreign Relations.*

(Signed) F. ANGUIANO, *Minister of the Interior and of Justice.*

(Signed) SALVADOR BARRUTIA, *Minister of Public Works.*

(Signed) C. MENDIZABAL, *Minister of War.*

(Signed) MANUEL ANTONIO HERRERA, *Minister of Public Instruction.*

[TRANSLATION.]

PALACE OF THE EXECUTIVE POWER, GUATEMALA,

September 5th, 1887.

CONSIDERING: That, in compliance with the stipulations contained in Article 7 of Decree Number 394 of the 29th of August last, it is necessary to make arrangements for the collection of the portion of Maritime Duties assigned by that Decree for the service of the Public Debt, and that it is desirable to issue simple rules in order to facilitate the payment by Importers of this assignment, the President of the Republic has been pleased to decree the following

## REGULATIONS.

FOR THE COLLECTION OF THAT PART OF THE MARITIME REVENUE DESTINED FOR THE SERVICE OF THE PUBLIC DEBT.

ART. I.—In the Custom Houses of San José and Champerico, payment of the assigned duties as established by Article 7 of Decree No. 394, will be levied upon such merchandise as is to be dispatched through the Customs in conformity with the following:—

## TARIFF.

	Unit.	Gross.	Assignment of Duty.
			\$ cts.
Vegetable, Mineral, and Animal Oils; Sheet Glass; Tallow in bulk or manufactured; Iron in bars or sheets ungalvanised; Tin Plates; Tin, Zinc, Steel in bars . . . . .	quintal	"	1.0
Cotton Cloth, Ribbons or Trimmings, and manufactured in articles for personal or domestic use, or in sewing or embroidering thread . .	"	"	7.0
Cotton Yarn for weaving, grey, white, red, or any other colour . . . . .	"	"	4.0
Bottles, Flasks, or Demijohns of glass or stoneware; Straw Brooms; Iron or Wooden Buckets . . . . .	"	"	0.10
Cinnamon; Shoes of all kinds; Guns and all classes of Fire-arms and their Caps and Cartridges; Swords, Daggers, and Hunting-knives; Toys of all kinds; Copper, Brass, or Tin manufactured; Gilt or Silvered paper; Skyrockets or Artificial Fireworks . . . . .	"	"	10.0
Carriages and Pianos of whatever class and size, each . . . . .	"	"	50.0

	Unit.	Gross.	Assignment of Duty.
			\$ cts.
Preserved food in whatever kind of package; Sweetmeats; Fish; Cheese; Butter; Sugar; Pepper; Cloves; Sago; Tapioca; Cumin Seed; Al- monds; Wine; Spirits; Beer and liquors of all kinds; Syrups; Hops; and Lead Shot . . . . .	quintal	"	2.0
Goods comprised in Article 16th of the Fiscal Code with the exception of Wheat; Jewellery; Gold and Silver Watches; and Table Ware . . . . .	"	"	0.05
Goods not specified in these Regula- tions . . . . .	"	"	5.0
Flour; Maizena; Vermicelli and other Flour Pastes; fresh or dried Fruits; Biscuits; Lard; and Vinegar . . . . .	"	"	0.75
Iron manufactured in Nails; Wire; common Tools; <i>Machetes</i> ; and Wooden Mouldings; common empty Bags or Sacks . . . . .	"	"	2.0
Iron manufactured in Fine Tools, in articles for domestic use; Iron Work; Horse Shoes; Curry-combs; Bed- steads; Safes; Tin Ware; Axles; and Springs for Carriages . . . . .	"	"	4.0
Wool in yarn, Ribbons, Trimmings, or manufactured in cloth or clothes for personal or domestic use; Skins and Hides cured with the hair on; Lace; Embroidered Trimmings, and Insertion . . . . .	"	"	15.0
Linen in yarn, or manufactured in cloth or clothes for personal or domestic use; Tobacco manufac- tured in Cigars; Cigarettes, or for chewing . . . . .	"	"	20.0
Crockeryware; Cordage; Paints in powder or in oil; Canary Seed; Varnishes; Trunks; and Valises . . . . .	"	"	1.50
Medicines and Drugs . . . . .	"	"	5.0
Wooden Furniture; Mirrors; Lamp Stands; Lamps; Lanterns; Veloci- pedes; Carriages and Cradles for Children; Cured Skins without hair . . . . .	"	"	6.0

	Unit.	Gross.	Assignment of Duty.
			\$ cts.
Writing-paper; Paper Hangings; Paper for Flower Making, for making Cigarettes, for Book-binding, Tissue paper; Drawing-paper; and Shoe-blackening . . . . .	quintal.	"	2.0
Filtering, Blotting, Manila, Straw and Brown Paper; Pasteboard; Syrups and Molasses . . . . .	"	"	0.50
Imitation Jewellery; Glass Beads and all kinds of Fancy Goods; Fine Hardware and Perfumery; Saddles; Harnesses and all kinds of Saddlery Ware; Cocoa; Tea; Canes; Whips. . . . .	"	"	8.0
Silk in Thread or manufactured into Cloth; Ribbons, Trimmings, or in pieces for personal or domestic use; Fine Jewellery; Watches; and Table Ware of Silver or Gold; and Saffron . . . . .	"	"	75.0
Hats of all kinds; Umbrellas; Parasols; Indiarubber Coats; Metal Table Ware; and Mantel or Hanging Clocks . . . . .	"	"	14.0
Wheat; Table-salt; Pitch; Polished Marble; Bricks of Marble, Clay or Earthenware . . . . .	"	"	20.0
Empty Glass and Crystal Ware; Stearine and Wax in Candles or in Cakes; Copper in Sheets or Bars; Leaf or Powdered Tobacco; Matches; Carpets in rolls; or Rugs of all kinds; Buttons of all kinds . . . . .	"	"	3.0

ART. 2. There are excepted from this assignment:—

1. The goods enumerated in Article 15 of the Fiscal Code.
2. The fractions in weight which do not reach 100 pounds of those articles and whose assign-

ments do not reach the sum of \$5 per quintal; and

3. The material for railroads and for lighting by electricity.

ART. 3. The Collectors and Accountants of the Custom Houses at San José and Champerico will arrange the accounts of this assignment at the foot of the application referred to in Article 860 of the Fiscal Code.

ART. 4. For the payment of this assignment the commercial agent will hand over to the respective Collector of Customs drafts or warrants to the value of said assignment in favour of the Committee established by virtue of Article 8 of Decree No. 394, and drawn on the owner or consignee of the merchandise, payable in current money at thirty days' sight.

Such drafts or warrants whose value may not reach \$100 shall be payable at sight.

ART. 5. The Collectors of the Custom Houses at San José and Champerico will remit, in numerical order, the drafts and warrants mentioned in the previous Article to the aforesaid Committee, this latter body, will by return of post, acknowledge the receipt of the warrants, stating the number, the name of the debtor and the amount for which the draft or warrant is drawn.

ART. 6. In case the owner or consignee should himself apply for the release of the goods from the said Custom Houses, he must pay the assigned dues with an order in favour of the afore-mentioned Committee at 30 days' sight, if its value should exceed one hundred dollars, and if not, with an order payable on presentation. These

orders for payment shall be remitted to the Committee in the same manner as the drafts or warrants referred to in the previous Article.

ART. 7. When the importer is unknown, or when, in the judgment of the Collector, he cannot give sufficient guarantee, the Commercial Agent (Broker) must pay the assigned dues in the Custom House itself, which latter will remit to the Committee by the next post, the funds so collected, and the interested party will repair to the office of the same Committee in order to exchange the provisional receipt of the Custom House.

ART. 8. Whenever the said orders or warrants shall have been paid, the aforesaid Committee will return those documents to the interested parties, giving them besides a receipt in which is set forth the name of the payee, the number of the warrant or draft, and the amount paid, stating that the same has been paid on account of import duties. These receipts, deducting amounts paid for empty sacks or bags, will be received from the bearer thereof in the Custom Houses of the Republic in payment of import duties on the packages to which they refer, those offices opening a special account, which is to be known as "Public Debt Service," which shall be debited with the receipts so issued by the said Committee admitted in payment of import duties.

ART. 9. The Collectors of Customs at Livingston and Ocos will remit at the end of each week to the aforesaid Committee, or its representative, 30 per cent. of what they may have collected for import duties, opening the corresponding account as expressed in the previous Article.

ART. 10. Decree No. 394 has come into operation for the unification of the Internal Debt from the 1st of September current, from which date no other interest will be allowed than the 6 per cent. per annum stipulated in Article 4 of said Decree, for the various classes of Bonds, and for the payment of interest for the third and fourth quarters of the current year of 1887, the National Treasury will liquidate and accumulate the aforesaid accrued interest up to the 31st of December of the current year of 1887, which interest will be received by the Bondholders in Bonds similar to those given for their capital in conformity with Article 10 of the same Decree.

ART. 11. The new Bonds of the Internal Debt shall bear upon their face the Articles of Decree No. 394, which refer to them, as well as the signatures alluded to in Article 13 of the same Decree.

The exchange of the New Bonds for the old ones and for the certificates and documents as stipulated in Articles 10 and 13 of the said Law, shall be effected within the term of ninety days, commencing from the 1st of January, 1888.

ART. 12. The Committee referred to in Article 8 of the aforesaid Decree, shall be formally installed in this Capital on the 31st of December next.

ART. 13. These Regulations shall come into operation from the 1st of January of the coming year of 1888.

Let this be communicated.

Countersigned by the President,

RODRIGUEZ.



The following is the Decree of Congress, by which the above is ratified:—

### DECREE No. 9.

The Constituent National Assembly of the Republic of Guatemala

#### DECREES :

*Only Article*:—The Statute No. 394, issued by the Executive Power under date 29th August of the present year, providing for the settlement of the Interior and Exterior Public Debt, is hereby passed and approved with the following amendments :

1.—Article 3rd of above Statute will read as follows :

The annual amortization of  $\frac{1}{2}\%$  mentioned in the foregoing Article will commence within three years, counted from the date of acceptance of this Contract by the Bondholders, who in some way must arrange and settle, at their own expense and without charge to the Government of Guatemala, all claims which may be pending against the Government, for expenditures incurred in or which may arise in consequence of any agreement made with the view of settlement of the Loans or of any other claim of whatsoever nature pending there.

2.—The expenses of the several State Departments provided for by the Budget will be excepted from the consolidation.

3. Article 9 will read :

The existing Bonds of the Exterior Debt shall be stamped as follows :

*This Bond is entitled for the future to the interest and amortization provided for by Statute 394 issued by the Government of Guatemala on the 29th August, 1887, approved by the Constituent National Assembly and duly accepted by the Bondholders.*

4.—Article 17th is amended in the following terms :

The interest of both Debts (Interior and Exterior) will be paid : on the Interior every three months, and on the Exterior every six months, fixing for such interest payment on the Interior Debt the 31st of March, 30th of June, 30th of September, and 31st of December, and on the External Debt the 1st day of July and 1st of January respectively.

Given in the Palace of the Legislative Power in Guatemala on the 10th day of the month of November of the year One thousand eight hundred and eighty-seven.

RAMON URIARTE, *President.*

R. A. ZALAZAR, *Secretary.*

JOSÉ A. BETETA, *Secretary.*

Palace of the Executive Power, Guatemala, on the 12th day of November, 1887.

Be it executed :

M. L. BARILLAS.

*The Secretary of State for Finance and Public Credit,*

MAURICIO RODRÍGUEZ.

The value of the "peso" or dollar, of Guatemala, referred to in the above Decree, being of great importance to the Bondholders, the following remarks may be of some interest to them.

The Guatemala *silver* dollar contains 385.80 grains troy of silver, 0.900 fine, and weighs 25 grammes; it is therefore equivalent to the French silver 5 francs piece. As the *gold* dollar is identical with the French gold 5 francs piece, the legal proportion of gold and silver established in Guatemala is 1:15½, the same as in the countries of the Latin Monetary Convention. This double standard proportion corresponds to a price of 60.8384 pence per ounce troy of standard silver. However, the real relative value of the two precious metals, as evidenced by the present London quotation of silver (about 44½ pence) sufficiently accounts for the replacement, in the circulation, of the *gold* peso by the *silver* peso, and the premium of 25 per cent., equivalent to \$6.25 for £1 sterling, mentioned in the Decree. Looking only to the present gold value of the silver contained in the Guatemala dollar, it would require about \$6.89 to produce £1 sterling, or a premium of 38 per cent. instead of about 25 per cent. The fact that Guatemala is a silver-using country, that trade is in her favour, and that the silver dollar enjoys an extended circulation outside the limits of the Republic, tends, however, to improve exchange rates.

Last September a Royal Proclamation was issued in British Honduras making the Guatemala silver dollar the standard of value, with unlimited tender, in that Colony, and assigning fixed prices, in such dollars, to the Venezuelan, Mexican, Chilian, Uruguayan and Colombian dollars and Peruvian sols current there.

## HONDURAS.

5 per Cent. Loan, 1867, Principal ...	£78,800
10                   "                   "                   " ...	900,700
6 $\frac{2}{3}$ "                   1869                   " ...	2,176,570
10                   "                   1870                   " ...	2,242,500
	<hr/>
	<u>£5,398,570</u>

In arrear from January, 1873, inclusive.

## Committee of Honduras Bondholders.

Right Hon. E. P. Bouverie,  
*Chairman.*

Lieut.-Col. W. T. K. Betty.

U. R. Burke, Esq.

G. F. Dickinson, Esq.

Roger Eykyn, Esq.

Alfred Jaques, Esq.

W. Richardson, Esq.

His Honour Judge Snagge.

Geo. Cavendish Taylor, Esq.

E. Wright, Esq.

*Secretary.*

Charles O'Leary, Esq.

In last year's Report, attention was called to a statement contained in a message of the President of Honduras to Congress, to the effect that two proposals had been made to the Government for the settlement of the Debt which the President considered practicable. One of these proposals, it is to be presumed, is the one involved in a Concession, granted on the 6th March to Mr. W. Binney, for the completion of the Interoceanic Railway, and published in the official organ of the Government, "La Republica de Honduras," of the 11th of June, 1887.

By this Concession, and in consideration of a grant of ten miles of land on each side of the Railway, and the right to work all the mines in the Republic, and the privilege to

cut and export timber on all State lands, Mr. Binney undertakes to construct the first section of the Railway. For such purpose he engages to form in London, within eighteen months of the date of the contract, a Company to complete the Inter-oceanic Railway; and further to settle the External Debt upon the following basis: in exchange for the existing Bonds of the English and French Loans, and the arrear interest, Shares of £100 each in the New Railway Company are to be issued, and the Old Bonds to be lodged in the Bank of England in the names of two trustees until the completion of the Inter-oceanic Railway, and then to be handed to the Government for cancellation.

The Concessionnaire is empowered to raise such capital as he may deem necessary for the construction and equipment of the Railway.

With reference to this Concession it may be well to place on record, for the information of Bondholders, that in 1873 a Company having similar objects in view was formed, and that by the Articles of Association Bonds of the Government Loans were to be accepted in exchange for fully paid up Shares in the Company. Under this scheme Bonds to the amount of about £800,000 were so exchanged, and deposited in the Bank of England, in the names of two trustees. The scheme, however, from various causes, was not carried into effect, and at the end of 1882 resolutions were passed for the voluntary winding up of the Company.

In July last application for judgment was made to the Court of Chancery, by the Liquidator, as to whether the Bonds so exchanged for Shares formed part of the general assets of the Company, or should be returned to the Bondholders.

Mr. Justice Chitty in giving judgment, stated "that under the Articles of the Company the Bonds were to be the property of the Company, and no claim was to be made in respect of them, except in the event of claims by holders of Bonds who had not accepted Shares. He was of opinion that after repudiation of the Concession and failure of the scheme, the Bonds still remained the property of the Company, and, therefore, that the Liquidator was entitled to claim them as part of the general assets."

At the same time it was stated on behalf of the Liquidator, that it was hoped that upon payment of a small sum in respect of each Share, there would be no difficulty in returning the Bonds.

The Council have, however, up to the present time been unable to ascertain upon what terms the Bonds will be given up in exchange for the Shares of the extinct Railway Company.

General Bogan was re-elected President of the Republic in September last, for a further term of four years.

As indicating the general progress of the country during the years 1885 and 1886, President Bogan stated in his message to Congress that the amount paid on account of the Internal Debt was \$330,888. With reference to Public Works, His Excellency said that during the same period 170 miles of public roads had been built, and 172 miles of telegraphs erected. A large number of public buildings, including about 40 schools, were also constructed. The cost of education for the two years amounted to \$168,809.

An American Company, under the name of the Honduras North Coast Railway and Improvement Company, has

obtained from the Government of Honduras a valuable Concession and grant of land for the construction of a narrow-gauge Railway between Truxillo and Puerto Cortez. It is estimated that upon the completion of this line, vessels will be able to get their cargoes from the interior of the country in from five to eight days earlier than at present. The line will also open up large districts now almost inaccessible, and further tend to increase the export trade of the Republic.

The Council have been unable to obtain any statistics on the Trade and Finances of Honduras; but they learn from a trustworthy source that, owing to political disturbances and extraordinary expenditure thereby occasioned, the Revenue during the past year was insufficient to meet even the ordinary expenses of administration. Partly from the same cause, but chiefly from the total absence of easy and cheap means of communication, the trade of the country is in a languishing condition, and no marked improvement is expected until railway communication is opened with the interior. Mining is the only industry which appears to flourish, but even this is greatly hampered by the difficulties of transport.

## MEXICO.

The successful progress of the Conversion of the External Debt will be best illustrated by the subjoined Table, which gives the equivalent New Bonds for the various Securities already converted, and those still outstanding on the 31st December, 1887.

Description of Old Securities.	Rate of Conversion per cent.	Already converted equivalent New Bonds.			Pending Conversion equivalent New Bonds.		
		£	s.	d.	£	s.	d.
1. Bonds of 1851 (stamped)	par	9,876,050	0	0	353,886	11	9
2. Do., Arrear Coupons	15	879,206	3	6	42,541	16	6
3. Bonds of 1864 ...	50	2,198,198	0	0	234,202	0	0
4. Deferred Bonds of 1837	20	70,430	0	0	16,440	0	0
5. Certificates of 1851 ...	20	3,225	4	5.70	32,774	15	6.30
6. „ of Baring ...	20	4,815	12	0	10,291	8	0
7. Active Bonds of 1843 ...	29	57,913	0	0	87	0	0
8. „ „ Additional	29	200,000	0	0	.....		
9. English Convention Debt	150	828,300	0	0	71,700	0	0
10. Bonds of 1846 (treated as 1851 Bonds) ...	54½	11,713	8	3	.....		
Total ...	...	£14,129,851	8	2.70	£761,923	11	9.30

From this Table, it appears that the

Old Securities already converted represent ...	£14,129,851	8	2.70	{ New Bonds, {	94½%
Do., still to be converted represent ...	761,923	11	9.30	„	5½%
Total New External Debt...	£14,891,775	0	0	„	100%

The nominal value of the entire Debt to be dealt with under the arrangement, including all interest arrears at



par, represents an amount of £22,741,322 of Old Titles of Indebtedness.

The New Bonds already issued are of the following denominations, as stamped on the Bonds, in accordance with the requirements of the Stock Exchange Committee:—

EMISION DE BONOS DE 1886 EN LÓNDRES.

Series.	Letras.	Numeracion.	Numero de Bonos.	Valor de Cada Bono.	Total de la Emision.
4A	D.	1 á 2,500	2,500	£100	£250,000
5A	E.	1 á 2,000	2,000	150	300,000
7A	G.	1 á 2,000	2,000	250	500,000
8A	H.	1 á 2,200	2,200	500	1,100,000
9A	I.	1 á 2,500	2,500	1,000	2,500,000
Total...			11,200	Bonos.	£4,650,000

AGENCIA FINANCIERA DE MÉXICO EN LÓNDRES.

The Old Bonds of 1851 are returned, on Conversion, furnished with new Coupon sheets. An amount of £19,129 3s. 2½d. Fractional Certificates, issued on Conversion, was still unexchanged on the 31st December, 1887.

The Official Quotation of the New Consolidated Bonds was granted on the 7th June, 1887.

The attention of Holders of Old Bonds not yet converted is called to the following notice of the Mexican Financial Agency:—

MEXICAN FINANCIAL AGENCY.

BLOMFIELD HOUSE, LONDON WALL, E.C.

Notice is hereby Given to Holders, that all Claims on Mexico, under the Agreement of the 23rd June, 1886, entered into with the

Committee of Mexican Bondholders and the Council of Foreign Bondholders, not presented for Conversion before the 11th day of June, 1888, will and shall remain Deferred out of the Conversion, and with no right to Interest or Dividends, according to Article 13 of the said Agreement and Provisions of the Law of the 22nd June, 1885.

All Holders of Bonds of 1886 Stock are respectfully requested to present their Bonds at this Office every day of the week to be stamped with the particulars of the total issue of 1886.

By order,

B. GOMEZ FARIAS,

Mexican Financial Agent.

LONDON, *January 28th*, 1888.

It will thus be seen that on the 11th June, 1888, the Conversion of the Old Securities will be definitely closed.

Referring to the Statistics published last year, the following particulars, derived from official sources, are given for 1886 and 1887 :—

DESTINATION OF EXPORTS BY COUNTRIES, 1885-6.

Countries.	Merchandise.	Metals.	Totals.
United States...	\$9,933,258	\$15,496,336	\$25,429,594
England ...	2,182,604	9,417,464	11,600,068
France... ..	489,160	3,447,116	3,936,276
Germany ...	738,770	832,629	1,571,399
Spain ... ..	259,236	654,287	913,523
Colombia ...	43,603	47,359	90,962
Belgium ...	73,188	1,500	74,688
Other Nations	21,498	9,709	31,207
	\$13,741,317	\$29,906,400	\$43,647,717

Or say in the following proportions :—

Countries.	Merchandise.	Metals.	Totals.
United States...	72'5%	51'9%	58'3%
England ...	16'0%	31'4%	26'6%
France... ..	3'0%	11'5%	9'0%
Germany ...	5'4%	3'0%	3'5%
Spain ... ..	1'9%	2'1%	2'0%
Other Countries	1'2%	0'1%	0'6%
	100'0%	100'0%	100'0%

DESTINATION OF EXPORTS BY COUNTRIES, 1886-7.

Countries.	Merchandise.	Metals.	Totals.
United States...	\$11,152,595	\$16,576,120	\$27,728,715
England ...	2,240,167	11,122,020	13,362,187
France... ..	711,298	4,401,223	5,112,521
Germany ...	885,859	1,289,911	2,175,770
Spain ... ..	520,050	104,344	624,294
Colombia ...	41,757	52,490	94,247
Belgium ...	67,326	.....	67,326
Other Countries	12,375	14,395	25,870
	\$15,631,427	\$33,560,503	\$49,191,930

Or say in the following proportions :—

Countries.	Merchandise.	Metals.	Totals.
United States...	71'34%	49'39%	56'37%
England ...	14'33%	33'14%	27'16%
France... ..	4'55%	13'11%	10'39%
Germany ...	5'66%	3'84%	4'42%
Spain ... ..	3'33%	0'31%	1'27%
Other Countries	0'79%	0'21%	0'39%
	100'00%	100'00%	100'00%

For purposes of comparison the above particulars are placed in the following Tables side by side with those for the year 1884-5, and with the annual average of the quinquennial period 1880-5.

An examination of the figures in the first Statement, which is restricted to the Exports of Precious Metals, shows that, while there was a large falling-off in 1885-6 compared with the previous year, the total in 1886-7 was very little less than that in 1884-5. On the other hand the Merchandise Exports show a steady increase, the total in 1886-7 being  $2\frac{3}{4}$  millions of dollars more than in 1884-5.

In the General Summary 1886-7 shows an increase over 1884-5 of  $2\frac{1}{2}$  millions of dollars, and over 1885-6 of  $5\frac{1}{2}$  millions.

Looking at the several Countries of Export, we find that the United States heads the list, showing a gradual increase, as compared with 1884-5, in both Metals and Merchandise. England comes next, showing a considerable increase in Merchandise, but a decrease both as regards Metals and the general total. Both France and Germany show a considerable increase in both Metals and Merchandise, but, as regards Spain, although there is an increase in Merchandise, the falling-off in Metals is so large as to cause a decrease in the general total.

## A.—PRECIOUS METALS.

Countries.	Annual average for Quinquennial Period, 1880-5.	Fiscal Year, 1884-5.	Fiscal Year, 1885-6	Fiscal Year, 1886-7.
United States ... ..	\$10,256,263	\$16,404,776	\$15,496,336	\$16,576,120
England ... ..	12,679,391	13,784,963	9,417,464	11,122,020
France ... ..	2,268,498	1,624,728	3,447,116	4,401,223
Germany ... ..	436,599	628,029	832,629	1,289,911
Spain ... ..	660,614	889,090	654,287	104,344
Colombia ... ..	259,929	372,557	47,359	52,490
Other Countries ... ..	77,458	69,908	11,209	14,395
	\$26,638,752	\$33,774,051	\$29,906,400	\$33,560,503

## B.—MERCHANDISE.

Countries.	Annual Average for Quinquennial Period, 1880-5.	Fiscal Year, 1884-5.	Fiscal Year, 1885-6.	Fiscal Year, 1886-7.
United States	\$8,210,860	\$9,448,285	\$9,933,258	\$11,152,595
England	1,779,500	1,582,317	2,182,604	2,240,167
Germany	853,027	792,576	738,770	711,298
France	648,346	610,728	489,160	885,859
Spain	601,623	353,546	259,236	520,050
Other Countries	111,077	109,342	138,289	121,458
	\$12,204,433	\$12,896,794	\$13,741,317	\$15,631,427

## A. &amp; B.—MERCHANDISE AND PRECIOUS METALS.

Countries.	Annual Average for Quinquennial Period, 1880-5.	Fiscal Year, 1884-5.	Fiscal Year, 1885-6.	Fiscal Year, 1886-7.
United States	\$18,467,122	\$25,853,061	\$25,429,594	\$27,728,715
England	14,458,891	15,367,280	11,600,068	13,362,187
France	2,916,844	2,235,457	3,936,276	5,112,521
Germany	1,289,626	1,420,605	1,571,399	2,175,770
Spain	1,261,937	1,242,645	913,523	624,294
Other Countries	448,766	551,797	196,857	187,443
	\$38,843,186	\$46,670,845	\$43,647,717	\$49,191,930

## EXPORTS FROM EACH CUSTOM HOUSE DISTRICT

Custom Houses.	Exports for year ending 30th June, 1886.		
	Precious Metals.	Other Products.	Total Exports.
	\$	\$	\$
Vera Cruz (1) ... ..	13,226,546.57	4,199,281.60	17,425,828.17
Mazatlan (2) ... ..	3,534,164.37	59,069.00	3,593,233.37
Progreso (1) ... ..	148,715.50	3,164,184.01	3,312,899.51
Tampico (1) ... ..	247,388.68	632,507.03	879,895.71
Laredo (3) ... ..	383,355.93	954,560.31	1,337,916.24
Paso del Norte (3) ...	10,168,394.24	409,530.90	10,577,925.14
La Paz (2) ... ..	433,361.39	57,665.58	491,026.97
Isla del Carmen (1) ...	.....	710,128.44	710,128.44
Metamoras (1) ... ..	190,174.51	324,482.23	514,656.74
Tuxpam (1) ... ..	11,632.00	746,233.76	757,865.76
Manzanillo (2) ... ..	164,400.00	39,901.00	204,301.00
San Blas (2) ... ..	135,306.33	30,719.50	166,025.83
Frontera (1) ... ..	1,786.00	304,866.75	306,652.75
Guaymas (2) ... ..	545,560.61	33,284.00	578,844.61
Acapulco (2) ... ..	39,474.50	90,746.85	130,221.35
Coatzacoalcas (1) ...	.....	231,098.95	231,098.95
Mier (3) ... ..	50,117.75	162,351.79	212,469.54
Campeche (1) ... ..	6,115.00	98,482.63	104,597.63
Altata (2) ... ..	34,168.77	15,963.00	50,131.77
Nogales (3) ... ..	413,285.79	52,536.27	465,822.06
Piedras Negras (3) ...	85,804.45	702,480.07	788,284.52
Salina Cruz (2) ... ..	10,920.00	128,837.88	139,757.88
Sasabe (3) ... ..	2,675.86	52,528.67	55,204.53
Camargo (3) ... ..	11,460.00	37,549.45	49,009.45
Guerrero (3) ... ..	.....	31,905.56	31,905.56
Bahia de la Magda-			
lena (2) ... ..	500.00	62,398.47	62,898.47
Tonalá (2) ... ..	28,191.58	144,284.06	172,475.64
Ascencion (3) ... ..	10,660.00	8,400.00	19,060.00
Soconusco (2) ... ..	.....	.....	.....
Todos Santos (2) ...	.....	110.00	110.00
Puerto Angel (2) ...	.....	135,237.80	135,237.80
Tijuana (3) ... ..	.....	57,040.50	57,040.50
Cabo de S. Lucas (2), Quitovaquita (3), and Palominas (3) ... ..	16,375.00	58,425.50	74,800.50
Presidio del Norte (3)	5,866.00	4,525.00	10,391.00
	\$29,906,400.83	\$13,741,316.56	\$43,647,717.39



## FOR YEARS ENDING 30TH JUNE, 1886 AND 1887.

Exports for year ending 30th June, 1887.			Custom Houses.
Precious Metals.	Other Products.	Total Exports.	
\$	\$	\$	
15,350,640.66	4,817,508.66	20,168,149.32	Vera Cruz (1).
4,496,758.08	86,642.72	4,583,400.80	Mazatlan (2).
5,155.75	4,094,204.13	4,099,359.88	Progreso (1).
157,055.00	605,841.26	762,896.26	Tampico (1).
697,480.94	726,547.97	1,424,028.91	Laredo (3).
10,284,747.77	356,286.78	10,641,034.55	Paso del Norte (3).
536,718.24	61,892.00	598,610.24	La Paz (2).
.....	826,566.40	826,566.40	Isla del Carmen (1).
177,845.00	251,642.92	429,487.92	Metamoros (1).
.....	1,200,256.59	1,200,256.59	Tuxpam (1).
79,462.00	33,460.45	112,922.45	Manzanillo (2).
279,054.91	34,822.68	313,877.59	San Blas (2).
939.50	345,154.13	346,093.63	Frontera (1).
475,742.03	118,640.93	594,382.96	Guaymas (2).
47,888.00	118,840.04	166,728.04	Acapulco (2).
.....	147,953.12	147,953.12	Coatzacoalcos (1).
90,182.70	103,217.74	193,400.44	Mier (3).
.....	105,581.60	105,581.60	Campeche (1).
4,925.50	16,332.00	21,257.50	Altata (2).
615,201.67	53,272.00	668,473.67	Nogales (3).
127,240.00	380,355.45	507,595.45	Piedras Negras (3).
2,975.00	142,181.62	145,156.62	Salina Cruz (2).
15,298.88	43,503.53	58,802.41	Sasabe (3).
11,940.25	72,960.30	84,900.55	Camargo (3).
.....	35,096.34	35,096.34	Guerrero (3).
.....	102,435.13	102,435.13	Bahia de la Magda- lena (2).
67,131.42	94,672.15	161,803.57	Tonalá (2).
17,299.26	29,791.45	47,090.71	Ascencion (3).
1,000.00	466,560.93	467,560.93	Soconusco (2).
500.00	1,110.00	1,610.00	Todos Santos (2).
.....	53,351.94	53,351.94	Puerto Angel (2).
.....	43,804.75	43,804.75	Tijuana (3).
14,920.00	46,503.93	61,423.93	Cabo de S. Lucas (2), Quitovaquita (3), and Palominas (3).
2,400.00	14,185.85	16,585.85	Presidio del Norte (3)
\$33,560,502.56	\$15,631,427.49	\$49,191,930.05	

## TONNAGE IN 1885-6.

During the year ending 30th June, 1886, there were entered at the various Ports of the Republic (including the coasting trade), 1,904 steamers, of a total capacity of 1,543,557 tons, and 4,975 sailing vessels, of 277,347 tons, making a grand total of 6,879 vessels of 1,820,904 tons, divided according to flags as follows:—

		Vessels.		Tons.
United States	...	1,057	...	980,898
England	...	174	...	172,817
Germany	...	138	...	84,066
Spain	...	146	...	131,698
France	...	91	...	34,943
Mexico	...	5,093	...	370,028
Other Nations	...	180	...	46,454
		<hr/>		<hr/>
		6,879		1,820,904
		<hr/>		<hr/>

PRINCIPAL DETAILS OF THE HEADS OF EXPENDITURE FOR THE YEAR ENDING 30TH JUNE, 1888.

## I.—LEGISLATIVE POWER.

227 Members of Chambers of Deputies, at \$3,000 each	\$681,068.10
56 Members of the Senate, for each two, \$6,000 ...	168,008.40
Staff and Expenditure of both Houses of Legislature	153,852.25
	<hr/>
	\$1,002,928.75
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## II.—EXECUTIVE POWER.

Salary of President	...	...	...	...	\$30,000.00
Private Secretary and Staff	...	...	...	...	19,846.45
					<hr/>
					\$49,846.45
					<hr/>

## III.—JUDICIAL POWER.

Supreme Court	...	...	...	...	...	\$113,383.85
Circuit Courts	...	...	...	...	...	72,125.45
District Courts	...	...	...	...	...	254,484.70
						<u>\$439,994.00</u>

## IV.—FOREIGN AFFAIRS.

Secretariat, Archives and General Expenses ...	...	\$106,997.90
Diplomatic Corps...	... ..	152,990.10
Consular Corps ...	... ..	82,942.60
Travelling Expenses	... ..	92,000.00
		<u>\$434,930.60</u>

## V.—HOME AFFAIRS.

Secretariat and General Expenses	...	...	...	\$383,497.55
Schools for Blind, and Arts and Sciences, Foundling Hospital, Sanitary Board	...	...	...	73,471.90
Magistrates, Rural Force, Civil Courts and Civil Register in the Territories of Lower California and Tepec	...	...	...	77,405.00
Gendarmerie and Expenses	...	...	...	31,949.90
Rural Police	...	...	...	910,276.35
Police in Federal District	...	...	...	803,511.20
Uniform for Municipal Gendarmerie	...	...	...	80,052.40
Magistrates of Federal District...	...	...	...	15,851.25
General Postal Administration and Local Administrations	...	...	...	951,828.25
Conductors on Subventioned Railroads and Steamers	...	...	...	49,238.50
Steamer Subventions	...	...	...	89,800.00
				<u>\$3,466,882.30</u>

## VI.—JUSTICE AND PUBLIC INSTRUCTION.

(A.) *Justice*—

Secretariat, Superior Tribunal of Justice in Federal District, Civil, Criminal and Correctional Courts, Public Registers, Judicial Archives,

Council and Medical Experts, Country Courts and General Expenses... ..	\$516,506.80
Administration of Justice in the Territories of Lower California and Tepec ... ..	90,709.90

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\$607,216.70

(B.) *Public Instruction*—

Various Schools, National Library and Museum	\$791,633.30
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\$1,398,850.00

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VII.—PUBLIC WORKS—COLONISATION, INDUSTRY AND  
COMMERCE.

Secretariat, Statistical Office, Observatories, Explo- ration, Commissions, and General Expenses ...	\$702,343.45
Colonisation and Subventions to Steamers ... ..	426,000.00
Mints and Chief Assaying Offices of Republic ...	22,906.40
National and Chapultepec Palaces, Building for Minis- try of Public Works and Public Monuments ...	162,000.00
Lighthouses ... ..	76,990.42
Railways ... ..	1,279,750.00
Roads, Bridges and Improvements ... ..	170,000.00
River Conservancy Works in Valley of Mexico ...	30,000.00
Harbour Works ... ..	360,000.00
Inspection of Roads and Works ... ..	5,798.40
Telegraphs... ..	883,493.15
Pensions ... ..	64,000.00
Support of Mining, Agricultural and Industrial Enter- prises, Schools for Engineers, Miners, Agricul- ture, and Finance ... ..	242,850.00
	<hr/>
	\$4,426,132.17

VIII.—FINANCE AND PUBLIC CREDIT.

Secretariat and General Expenses ... ..	\$1,006,912.40
General Treasury of the Federation ... ..	479,504.70
Customs House, Staff Expenses, Inspectors and Coastguard Steamers ... ..	1,401,795.60
Fiscal Gendarmerie ... ..	653,942.05
	<hr/>
Carried forward ... ..	\$3,542,154.75

Brought forward ... ..	\$3,542,154.75
Revenue Administration of Federal District ... ..	230,693.45
"    "    Territories of Lower Cali-	
fornia and Tepec ... ..	65,898.10
Financial, Head Office and Expenses ... ..	224,157.10
Stamp Administration and Office ... ..	518,277.50
Direction of Direct Contributions and National	
Lottery ... ..	112,875.45
Civil Pensions and Commutations ... ..	200,302.82
Military Pensions ... ..	1,118,028.96
<i>Public Debt—</i>	
Special Staff, etc. ... ..	37,003.84
Twelfth Instalment of Debt to United	
States ... ..	\$300,000
Payments to Lessees of Public Mints	75,000
Interest and Amortisation of Float-	
ing Debt ... ..	2,560,000
For Service of Public Debt con-	
verted according to the Bases	
established by the Law of 14th	
June, 1883 ... ..	2,000,000
Payment Tehuantepec Railway ... ..	80,000
	<hr/>
	5,015,000.00
Deficit on Fiscal Year, 1886-7 ... ..	600,000.00
	<hr/>
	\$11,664,391.97

## IX.—ARMY AND MARINE.

Secretariat and General War Expenses ... ..	\$592,350.90
Supreme Command and Military Court ... ..	728,172.55
Staff Command and its Department ... ..	179,347.60
Military College ... ..	192,317.40
Engineers and Expenses... ..	475,452.05
Artillery ... ..	710,046.60
Permanent Companies ... ..	98,152.85
Stores, Arms and Powder Factories, National Foun-	
dry, Military School... ..	177,628.98
Infantry ... ..	4,073,295.48
Cavalry, etc. ... ..	2,563,453.47
	<hr/>
Carried forward ... ..	\$9,790,217.88

Brought forward ... ..	\$9,790,217.88
Military Gendarmerie ... ..	131,290.65
Escort of Geographical Exploration Commission, Rural Police of Tamaulipas, Chiefs of Railway, Escorts and Militia Substitutes, Department of Military Medical and Hospital Corps, Invalids, Pensioners, National Police Guards, Military Bands ... ..	658,106.60
Military Commanders at Fortified Towns and For- tresses... ..	136,988.50
National Marine ... ..	554,468.70
Deposits of Chiefs and Officials ... ..	1,007,422.91
Uniforms, Equipments and Music ... ..	822,000.00
Payments to Soldiers discharged and re-engaged ...	85,000.00
Reinstatements and Distributions ... ..	201,000.00
	<u>\$13,386,495.24</u>

SUMMARY OF EXPENDITURE FOR YEAR ENDING  
30th JUNE, 1888.

I.—Legislative Power ... ..	\$1,002,928.75
II.—Executive „ ... ..	49,846.45
III.—Judicial „ ... ..	439,994.00
IV.—Foreign Affairs ... ..	434,930.60
V.—Home „ ... ..	3,466,882.30
VI.—Justice and Public Instruction ... ..	1,398,850.00
VII.—Public Works, Colonies, etc. ... ..	4,426,132.17
VIII.—Finance ... ..	11,664,391.97
IX.—Army and Marine ... ..	13,386,495.24
Total ... ..	<u>\$36,270,451.48</u>

The Estimated Receipts are not given, but the following are the sources of Revenue for the year ending the 30th June, 1888 :—

IMPORT AND EXPORT DUTIES.

I. Import Duties which may be paid at all the maritime and frontier Custom Houses, in conformity with the

General Ordinance issued on March 1st of the present year, the Executive being authorised to change said Ordinance, within the year that said Law is to be in force.

II. Consumption Duties that are to be collected by the Revenue Offices of the Federal District and Territories of Lower California and Tepic, on foreign merchandise, in accordance with the Law of August 11th, 1878 said Duties referred to in said Law being increased five per cent.

III. Tonnage, Light-house, Pilotage and Warehouse Duties, in conformity with the Ordinance issued on the 1st of March of the present year.

IV. Exportation Duties on cochineal, at the rate of ten dollars per ton of one thousand kilograms, gross weight.

V. Exportation Duties on woods for construction purposes and suitable for furniture, at the rate of two dollars per each ton of tonnage of the vessel, whatever may be the number of tons loaded on the vessel.

VI. Transit Duties on woods for construction purposes and suitable for furniture coming from abroad, at the rate of one dollar and fifty cents per ton of cubic meter.

VII. Transit Duties, in conformity with said Ordinance of 1st of May, and with the special concessions made to the Companies engaged in building railroads with national territory.

VIII. Duties for navigation letters patent, in conformity with the Law of July 9th, 1857.

IX. Fees collected by Consuls, Vice-Consuls, and commercial and Consular Agents of the Republic abroad, in conformity with the same Ordinance of the 1st of March and other Decrees in force.

X. Tonnage Duty of five cents per ton, on each vessel arriving after the publication of this Law, in the ports of the Republic, and of one dollar for each decimeter of draught on any vessel arriving or leaving said ports, as soon as they may have finished the work that they have to perform, and all in conformity with the Law of May 28th, 1881.

#### INTERIOR TAXES.

XI. Proceeds of the stamp revenue tax, in conformity with the Law of March 31st of the present year, and with the decrees that the Executive may issue, by virtue of the powers given by the Law of December 11th, 1884, which is to continue in force during the fiscal year referred to in this Revenue Bill.

XII. Predial, license and professional taxes within the Federal District and the Territories of Lower California and Tepic, in conformity with the Law of April 8th, 1885.

XIII. Toll duties within the Federal District and the Territories of Lower California and Tepic, in conformity with the tariffs that the Executive may issue for the fiscal year which this Law provides for.

XIV. One-half per cent. on the value of silver in bars, and one-fourth per cent. on the gold in bars or in powder, said values to be ascertained in conformity with the Laws corresponding thereto, by virtue of subdivisions VI. and IX., Article 1st, of the Law of May 26th, 1882, and to the decrees issued by the Treasury Department under date of the 15th of September of the present year.

XV. Proceeds of the National Lottery.

XVI. Duties levied upon inheritances within the Federal Districts and the Territories of Lower California and Tepic,



in conformity with the Laws of July 14th, 1854, and November 12th, 1867, whilst the Executive may issue the Law relating thereto by virtue of the prescriptions of the Civil Code, whereby the proper authorisation therefor is there given.

XVII. Duties on fusing, assaying, coining and smelting, by virtue of the Law regulating the collection thereof during the present fiscal year.

XVIII. Tax on all salaries assigned under the Appropriation Bill or succeeding Laws in the following proportion, excepting those paid for services abroad and those amounting up to the sum \$602.25.

On those above the sum of \$602.25 and up to \$1,000.10, at the rate of 5 per cent.

On those above the sum of \$1,000.10 and up to \$3,000.30, 10 per cent.

On those above the sum of \$3,000.30 and up to \$5,000.50, 15 per cent.; and on those above the sum of \$5,000.50, at the rate of 20 per cent.

This tax shall be collected by deducting it from the portion of salaries due at any time, from the 1st of July of the present year.

#### RENTS, PROFITS AND MINOR REVENUES.

XIX. Proceeds of the Post Office Department.

XX. Proceeds of the Telegraphs of the Federal Government.

XXI. Proceeds of the Government printing houses, subscription and sale of the *Diario Oficial*, *Diario de los Debates*, *Semanario Judicial de la Federacion*, and other publications or books acquired by or receiving a subsidy from said Government.

XXII. Fines imposed in conformity with the Federal Laws or under the Constitution by any authority dependent on the Federal Government, with exception of those which may be levied by the political, judicial and municipal authorities of the Federal District and of the Territories of Lower California.

XXIII. Repayment of balances or liquidated accounts or of any other obligations due to the Federal Treasury under the Laws corresponding thereto.

XXIV. Proceeds of rents, sales and confirmation of titles of Government lands, in conformity with the Laws now in force.

XXV. Values and proceeds of forfeited lands.

XXVI. Proceeds of sales or hiring of property belonging to the Federation.

XXVII. Legalisation of signatures in conformity with Article 1st of the Law of October 12th, 1830, payment whereof is to be made in stamps for documents.

XXVIII. Proceeds of the Schools of Agriculture and of those of Industrial Arts.

XXIX. Gifts to the Public Treasury.

XXX. *Fiats* of notary in conformity with Article 12th of the Law of November 29th, 1867.

XXXI. Diplomas for Business Agents, in conformity with Article 10 of the Law of 17th October, 1867.

XXXII. Proceeds of the sale or rent of salt beds, in conformity with the Laws, Decrees, and Contracts.

XXXIII. Premiums on the payment of money in other places.

XXXIV. Balances unpaid on credits, taxes and Federal revenues, which have not been collected during the previous year.

XXXV. Proceeds of the purchase, rental, and working of guano deposits, in conformity with the Contract executed in reference thereto.

XXXVI. Duties that may be levied on fishing pearls, whales, otters, seals, and other similar productions.

XXXVII. Revenues proceeding from money, vacant property, values and rights that under any title whatever may belong to the nation.

### COINAGE STATISTICS.

The following Table shows the coinage of each Mint for the years 1885-6 and 1886-7, as compared with the coinage of the decennial period ending 30th June, 1887 :—

#### MEXICAN MINTS AND AMOUNTS OF THEIR COINAGE.

Mint.	Average Coinage per Annum during the Ten Years ending 30th June, 1887.	Coinage in the Year ending 30th June, 1886.	Coinage in the Year ending 30th June, 1887.
Alamos ...	\$977,873	\$826,471	\$846,250
Culiacan ...	848,229	597,125	746,907
Chihuahua ...	1,596,559	2,519,713	2,653,162
Durango ...	987,541	1,032,176	983,331
Guadalajara ...	1,219,443	986,460	994,113
Guanajuato ...	4,506,299	4,614,200	4,129,700
Hermosillo ...	508,536	257,610	195,300
Mexico ...	6,734,400	7,779,000	8,331,696
Oaxuca ...	136,191	144,800	123,500
San Luis Potosí...	2,796,085	3,484,280	3,181,725
Zacatecas...	5,312,378	5,125,960	5,248,290
	\$25,623,534	\$27,367,795	\$27,433,974

The total amount coined since the Spanish Conquest

has now reached \$3,295,886,644, it having been increased since 30th June, 1882, as follows:—

Total for year ending 30th June, 1883 ...	...	\$25,747,521
" " " 1884 ...	...	28,450,076
" " " 1885 ...	...	26,263,977
" " " 1886 ...	...	27,367,795
" " " 1887 ...	...	27,433,974

### MISSISSIPPI.

Planters' Bank Bonds, 1831-3 ... \$2,000,000

Union Bank Bonds, 1838 ... \$5,000,000

In arrear from 1st March, 1841.

### Committee.

The Right Hon. E. P. Bouverie,

*Chairman.*

L. N. Bonar, Esq.

J. Crouch, Esq.

G. H. Hopkinson, Esq.

L. G. Moore, Esq.

Arthur Tite, Esq.

William Trotter, Esq.

J. T. Wood, Esq.

*Secretary.*

Charles O'Leary, Esq.

There has been no material progress made during the past twelve months towards a settlement of this Debt. The biennial meeting of the Legislature, from which the Bondholders have some reason to hope for an alteration of the existing Laws of the Constitution with regard to the Debt question, was to have taken place during January of the present year; but the Committee have not as yet been advised by their correspondents in the State of the result, if any, of the deliberations of the Legislature in the matter. In their last letter, these correspondents

stated that, should a Bill for the amendment to the Constitution pass the House of Delegates this year, and should there then seem to be a fair prospect of the passage of a Bill in reference to the Debt itself, they would be prepared to apply to the Committee for a renewal of their powers to act in their behalf.

The Council have recently received the following communication from their Agent in the United States: "I now have the honour to inform you that by a letter received from my associate, I learn that on Monday, the 16th inst. (January), the Senate of Mississippi in Legislature convened for the session of 1888, by a vote of twenty to four, and the House of Representatives by a vote of two to one, passed a Bill to submit to the people of the State, at an election to be held on the 7th of August of the present year, the question as to whether there should be a Convention to elect delegates thereto; which Convention, should the vote be 'for Convention,' will assemble in Jackson on the 7th September next.

"Thus, after some years, we trust that the 'Constitutional Convention' will be held, at which some radical amendments will be passed, and open a way for an adjustment of the vexed question."

Unfortunately, still later advices, received this week, inform the Council that the Governor of the State had vetoed the measure, and that the Senate had not succeeded in obtaining the two-thirds vote necessary to pass the Bill over the veto.

It is stated, however, that the Bill will be brought up again before the Legislature adjourns, and that the action of the Governor has been severely criticised.

## PARAGUAY.

The External Bonds of 1886	...	...	£850,000
Less cancelled by purchase	...	...	4,200
			<hr/>
Total in circulation	...	...	£845,800
			<hr/> <hr/>

## Paraguay Committee.

The Right Hon. E. P. Bouverie,  
*Chairman.*

General Sir George Balfour,  
K.C.B., M.P.

F. Bennoch, Esq.

Lieut.-Colonel W. T. K. Betty.

L. N. Bonar, Esq.

Hyde Clarke, Esq.

George Herring, Esq.

L. R. Lack, Esq.

J. Percy Leith, Esq.

Robert Monckton, Esq.

F. P. Obicini, Esq.

M. Van Raalte, Esq.

G. N. Strawbridge, Esq.

S. Leith Tomkins, Esq.

H. Woodfall, Esq.

E. Zuccani, Esq.

*Secretary.*

Charles O'Leary, Esq.

## Paraguay Land Warrant Committee.

The Right Hon. E. P. Bouverie,  
*Chairman.*

F. Bennoch, Esq.

Hyde Clarke, Esq.

Tudor Crawshay, Esq.

George Herring, Esq.

Christopher James, Esq.

L. R. Lack, Esq.

Robert Monckton, Esq.

Ashurst Morris, Esq.

Lieut.-General Sir Luther

Vaughan, K.C.B.

E. Zuccani, Esq.

*Secretary.*

Charles O'Leary, Esq.

It will be in the recollection of the Bondholders that in Article 20 of the Agreement of the 4th December, 1885, provision was made that the details of all matters arising in the carrying out of the Conversion shall be arranged in mutual accord between the Representative of the State

and the Council of Foreign Bondholders. Accordingly a supplementary Agreement was concluded on the 30th November, 1886, and ratified by the Government of Paraguay on the 7th March, 1887, and is herewith communicated for the information of Bondholders as follows :—

# REPUBLIC OF PARAGUAY.

## CONVERSION OF 8% LOANS OF 1871 AND 1872.

### *Supplementary Arrangement of the 30th November, 1886.*

In pursuance of Article 20 of the above-mentioned Arrangement, the following matters arising in carrying out the operation of the Conversion have been arranged in mutual accord between Mr. Christopher James, the Representative of the State, and the Council of Foreign Bondholders :—

ART. 1. The details of the Conversion, etc., settled at the Conferences held on the 1st, 3rd, 6th, 7th, 11th, and 21st September, 1886, as appearing in the Protocols of such Conferences, signed by Mr. James and the Accountant of the Council of Foreign Bondholders, are approved. A copy of such Protocols will be sent by Mr. James to the Government for the information of the latter.

ART. 2. The operation of the Conversion commenced on the 17th November, 1886, pursuant to Paragraph 2 of Article 19 of the Arrangement, such Conversion will therefore close on the 16th of May, 1888, inclusive, and pursuant to Paragraph 3 of that Article, the period of nine months therein mentioned will expire on the 16th August, 1887, inclusive. Old Bonds lodged after that date will forfeit the 1st and 2nd Coupons on the corresponding New Bonds, and those lodged after the 31st December, 1887, will forfeit the 1st, 2nd, and 3rd Coupons.

ART. 3. Should any holder of Old Bonds be able before the 30th of June, 1888, to give exceptional reasons, supported by statutory declaration, for the non-deposit of his Old Bonds by the 16th May, 1888, the Representative of the State and the Chairman of the Council of Foreign Bondholders may, if they think fit, admit such Bonds to the Conversion, if

deposited on or before the 30th June, 1888, but in no case at a later date; and the corresponding New Bonds will forfeit the first three Coupons.

- ART. 4. On the 1st July, 1888, an account shall be taken of the New Bonds remaining on hand unclaimed by the holders of Old Bonds, the amount verified from the Registers, etc., and the New Bonds and Coupons thereon cancelled for the benefit of the Government in reduction of the Debt.
- ART. 5. The Land Warrants remaining unclaimed on the 1st July, 1888, shall be issued to the Council of Foreign Bondholders to be sold by them, or otherwise dealt with, and the proceeds shall be used by the Council for the benefit of the holders of Land Warrants, by way of contribution towards the expenses incurred, or to be incurred, in connection with the selection of the lands, furnishing a report thereon, or assisting in the establishment of a Company for the exploitation of these lands, or otherwise as the Council may think fit.
- ART. 6. Fractional Certificates for £50 of New Bonds, and for Land Warrants for less amounts than 830,300 varas, in the form agreed between the two parties, shall be issued by the Council in the course of the Conversion.
- ART. 7. Fractional Certificates for New Bonds not presented for exchange into New Bonds, or cash, on or before the 1st January, 1890, shall be null and void, and the corresponding amount of cash held against them shall be applied to the Sinking Fund for the benefit of the Government, and shall be used for the purchase of New Bonds on the Stock Exchange. All Bonds so purchased shall be cancelled and delivered to the Government.
- ART. 8. The Fractional Certificates for Land Warrants, not presented for exchange into definitive Land Warrants, or cash, on or before the 1st January, 1890, shall be null and void, and the corresponding amount of cash held against them shall be applied by the Council as stipulated in Article 5.
- ART. 9. The amounts proceeding from forfeited Coupons, mentioned in Articles 2 and 3, shall be applied to the Sinking Fund for the benefit of the Government, as stipulated in Article 7.
- ART. 10. The Government shall continue to provide for the



service of the Debt as fixed in Articles 1 and 2 of the Convention of 4th December, 1885—namely, on the total capital of £850,000; and all amounts not required from time to time for interest (in consequence of the reduction of the Debt by means of the Sinking Fund above mentioned), shall be applied for the benefit of the Government in the like purchase and cancellation of Bonds.

ART. 11. Three cancelled copies of New Bonds and Land Warrants, as well as copies of the Fractional Certificates for Bonds and Land Warrants will be furnished to Mr. James, who will transmit one set thereof to the Government for their archives.

ART. 12. The Government to be requested to provide for the service of the Debt in due time before the maturity of each Coupon, as there is no fund in existence from which to provide for discounts on remittances falling due after the date of the Coupon for which they are destined. The paid and cancelled Coupons will remain in the custody of the bankers charged with the service of the New Bonds, Messrs. Robarts, Lubbock and Co., Lombard Street, E.C., until the Government demand their delivery.

ART. 13. This Memorandum is signed in duplicate, and Mr. James undertakes to forward both copies to the Government, with the request that their approval may be endorsed thereon in due form, and of one such endorsed copy returned to the Chairman of the Council of Foreign Bondholders.

LONDON, 30th November, 1886.

(Signed) CHRISTOPHER JAMES,  
*Representative of the State.*

*For the COUNCIL OF FOREIGN BONDHOLDERS,*  
(Signed) E. P. BOUVERIE,  
*Chairman.*

The ratification is appended, as follows :—

“ASUNCION, March 7th, 1887.

“The supplementary Arrangement of the 30th November, 1886, is  
“approved, relating to the Conversion of the 8 per cent. Loans of

"1871 and 1872, signed by Mr. Christopher James, Consul-General  
 "of Paraguay in England and Representative of the State, and Mr.  
 "E. P. Bouverie, Chairman of the Council of Foreign Bondholders.  
 "Let it be communicated.

"(Signed) ESCOBAR.  
 "A. CAÑETE."

The Conversion of the Old Bonds has proceeded satisfactorily during the past year. Particular attention of the Bondholders is called to the fact that the eighteen months allowed by Article 19 of the Arrangement, for the completion of the operation, will terminate on the 16th May, 1888.

The following New Bonds have been issued up to the 31st December, 1887, inclusive:—

In respect of Old Bonds of 1871	...	£459,350
" " 1872	...	259,900
" Expenses Bonds	...	97,300
Total...	...	<u>£816,550</u>

Less Bonds purchased for the Sinking Fund, as provided for in the supplementary Agreement	...	...	<u>4,200</u>
---	-----	-----	--------------

Total in circulation	...	£812,350
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There remain to be issued:—

In respect of Old Bonds of 1871	...	19,200
" " 1872	...	<u>14,250</u>
Grand total	...	<u><u>£845,800</u></u>

The interest on the New Bonds has been met with punctuality, the last Coupon paid being No. 3, due 1st January, 1888.

In addition to these New Bonds, Land Warrants were issued in respect of all Old Bonds deposited for Conversion at the rate of 98 per cent. of their nominal value, being the full nominal amount of Coupons in arrear included in the Conversion.

With the view to protect the interests of the holders of Land Warrants, a public meeting was held on the 2nd of March, 1887, at which a Committee, a list of which is given above, was appointed.

The first duty of this Committee was indicated by Article 14 of the Arrangement, which stipulates for the "location" of the lands to be ceded by the Government in accord with a Representative of the Land Warrant holders. The Council accordingly decided to advance the necessary funds for the purpose, and in April, 1887, entrusted Mr. Henry Valpy, 'C.E., with the mission, a gentleman who, besides his thorough knowledge of the country, enjoyed the personal acquaintance of several Members of the Paraguay Government, in connection with the construction of the Paraguay Railway.

Mr. Valpy, on his arrival at Paraguay, found that by far the greater portion of the public lands had been already either sold outright or leased, and that encroachments had even been made upon the most valuable portion—the river frontage—of a block of land originally reserved by the Government for the Warrant holders.

After much delay, and many interruptions in the course of his extended explorations, both in Paraguay proper, and in the Chaco, Mr. Valpy has at length, in December last, succeeded in completing an assignment of sufficient fiscal lands in various parts of the country, situated on both sides of the river Paraguay; but, obviously, until the Council

have received his detailed Report, they are unable to give the Bondholders any precise information as to these lands.

On Mr. Valpy's return to England the result of his labours will be laid before the Warrant holders.

The Minister of Finance, Don Agustin Cañete, in his Report to Congress for the year 1886, calls attention to the progress in the financial situation of the country, and says that while in 1878 the Government found it difficult to raise \$50,000 by an operation of credit, and while in 1882 useless efforts were made to negotiate abroad a loan of \$250,000, yet in 1885 it was found possible to purchase the Railway from Asuncion to Paraguari, on credit obligations for \$1,200,000; and to provide in 1886 for its extension to Villa Rica, at a cost of about \$1,400,000. He also says that both operations have proved entirely successful, owing to the sales effected of public lands and yerbales, as authorised by law.

The settlement of the London debt has also been successfully accomplished, and the producing power of the country has responded to the increased obligations undertaken, for some of the taxes have increased by upwards of 30 per cent., in spite of the untoward closing of the ports during two months of last year, and the large imports of merchandise have not exceeded the exports.

These favourable conditions have enabled the Government to meet the national expenditure, and the service of the public Debt, and to retain a substantial surplus. The Internal Debt is nearly extinguished, with the exception of the cost of the Railway purchased, and the orders of payment are now quoted at 95 per cent., although bearing no interest, in spite of the additional 10 per cent. on

import duties assigned to their redemption having been reduced to 3 per cent.

It is satisfactory also to note that the engagements entered into for the extension of the Railway have been duly carried out, and that the sum of \$166,244.03 has been paid on account of the purchase of the old Railway.

The increased activity in business matters, combined with the acquisition of the old Railway, resulted in the establishment of another Bank of issue, namely, the Commercial Bank, in addition to the National Bank already existing, in which latter the Government holds a share of \$500,000.

The following tables show the total Receipts and Expenditure of the nation for the two years 1885 and 1886, separately. It will be seen that the Receipts in favour of the latter year exceeded those of 1885 by \$1,527,859.46. Deducting, however, the value of sales of public lands and yerbales, as not being permanent or ordinary Revenue, there still remains an excess over 1885 of \$376,981.93.

It will also be seen that some of the items of Revenue have increased by quite an exceptional amount.

#### PUBLIC RECEIPTS DURING THE YEARS 1885 AND 1886 COMPARED.

##### I.—COLLECTED AT THE CUSTOM HOUSES OF ASUNCION, VILLA DEL PILAR, VILLA ENCARNACION, VILLA CONCEPCION, AND SAN JOSÉ-MI.

In 1885.				In 1886.			
\$361,100.84	Import Duties	...	...	...	...	\$461,341.23	
	Export Duties from Yerba Maté	...	...	\$69,843.38			
117,323.33	„ „ Tobacco	...	...	15,592.86			
	„ „ Hides	...	...	27,722.70			
						113,158.94	
943.70	Warehouse Dues	...	...	...	...	1,899.57	
.....	Fines and Forfeitures	...	...	...	...	2,080.09	
3,307.53	Interest on Customs Duties	...	...	...	...	3,482.33	
<u>\$482,675.40</u>	...	...	Carried forward	...	...	<u>\$581,962.16</u>	

In 1885.				In 1886.
\$482,675.40	...	Brought forward	...	\$581,962.16
49.52	Transshipment Dues	...	...	85.26
130,640.43	Additional 10% Impost*	...	...	32,869.91
.....	„ 3% „ *	...	...	39,898.81
52,256.26	„ 4% „	...	...	66,309.07
.....	„ 8% „ *	...	...	106,333.66
9,808.79	Parcel Post Charges	...	...	13,872.43
3,184.49	Loading Charges	...	...	2,933.13
\$678,614.89	...	Total Collections at Custom Houses	...	\$844,264.43

## II.—SUNDRY RECEIPTS.

3,793.50	Port Dues	...	...	\$4,030.20
51,424.49	{ Stamped Paper, Stamps, Postage Stamps, and Postal Cards	...	...	77,327.76
8,326.00	Commercial Licenses	...	...	8,192.00
641.00	Police Licenses and Fines	...	...	796.75
160.00	Navigation Licenses	...	...	.....
4,708.92	Post and Telegraph Administration	...	...	9,366.63
4,193.20	General Registry of Mortgages	...	...	6,832.31
100.60	Tolls	...	...	749.95
.....	Surveys of Verbales	...	...	13,603.33
.....	„ in the Chaco	...	...	11,625.00
.....	Intestate Property Succession Duties	...	...	498.65
74.42	Tax on Judicial Sales $\frac{1}{2}\%$	...	...	158.95
52,256.26	{ Additional 4% Import Account, National College	...	...	66,309.07
\$804,293.28	...	Total Ordinary Receipts	...	\$1,043,755.03

## III.—SPECIAL RECEIPTS.

385.50	Sales of Government Property	...	...	.....
4,055.00	Leases of Forests*	...	...	3,253.75
1,455.44	„ Ferries and Camps*	...	...	272.50
17,954.50	{ „ Verbales for 188,350 Arrobas to be exported at rates from 10 to 99 Centavos per Arroba*	...	...	29,632.50
\$828,144.72...	...	...Carried forward...	...	\$1,076,913.78

NOTES.—Items marked \* are assigned to the Debt Service.

1 Square League = 2,500 Square Cuadras of 10,000 Square Varas each.

1 Square League = 4,354.688 English Acres.

1 Arroba = 25 Libras = 25.36 English Pounds.

At the present rate of exchange, \$6.25 to \$6.50 are equal to £1 sterling go

In 1885.		In 1886.
\$828,143.72	Brought forward	\$1,076,913.7
20.00	Leases of Palm Groves	...
.....	{ National Bank, two Dividends on Govern- ment Share	100,000.00
.....	Do., 5% on nett Profits	22,925.19
.....	Asuncion to Paraguari Railway Revenue	5,500.00
193.32	Interest on Current Account	.....
<u>\$828,357.04</u>	<u>Total</u>	<u>\$1,205,338.97</u>

## IV.—SALES OF PUBLIC PROPERTY.

.....	{ Sale of 108 Leagues, 2,066 Cua- dras, 5,250 Square Varas of Yerbales payable in cash	\$112,759.41	
	In Obligations Due, 1887	119,516.53	
	" " 1888	126,291.66	
	" " 1889	133,057.71*	491,625.31
609,543.27	{ Sale of 3,466 Leagues, 1,384 Cua- dras, 3,129 Square Varas of Ara- ble and Pasture Lands, in cash	\$403,493.96	
	In Obligations Due, 1887	271,456.39	
	" " 1888	288,707.52	
	" " 1889	305,137.62*	1,268,795.49
<u>\$1,437,900.31</u>	<u>Grand Total Receipts</u>		<u>\$2,965,759.77</u>

PUBLIC EXPENDITURE DURING THE YEARS 1885 AND 1886  
COMPARED.

In 1885.		In 1886.
\$681,315.12	{ Ordinary Expenditure, authorised by the Bud- get and various Laws, including Colonisation	\$775,682.02
9,213.46	Extraordinary Expenditure	32,990.53
52,256.26	National College	66,309.07
<u>\$742,784.84</u>	<u>Carried forward</u>	<u>\$874,981.62</u>

NOTES.—Items marked \* are assigned to the Debt Service.

1 Square League = 2,500 Square Cuadrados of 10,000 Square Varas each

1 Square League = 4,354,688 English Acres.

1 Arroba = 25 Libras = 25 36 English Pounds.

the present rate of exchange, \$6.25 to \$6.50 are equal to £1 sterling gold.

In 1885.			In 1886.
\$742,784.84	...	Brought forward	\$874,981.62
DEBT SERVICE.			
129,816.57	Redemption of Orders and Bills Payable	...	74,935.80
30.00	" Land Warrants	...	.....
63,936.75	" Salaries Arrears of 1884	...	.....
54,169.19	" Bonds of the 2nd Issue of 1884	...	100,000.00
.....	Interest on	" " "	1,500.00
66,800.49	{ Redemption and Interest on Government Share		
	in National Bank	...	85,854.16
67,013.75	" of the Special Bonds	...	5,800.00
182,472.19	{ (\$201,712) of Public Bonds and		
	Interest	...	207,679.81
.....	" of Fiduciary Bonds	...	92,533.66
.....	{ Service of External Bonds of 1886, Expenses		
	of Conversion and Stamp Duty	...	158,983.28
<u>\$1,307,023.78</u>			<u>\$1,602,268.33</u>

An analysis of the voluminous account accompanying the Minister's Report to Congress shows that the amounts received applicable to the General Expenditure of the year have been ... .. \$921,590.71

while those assigned for the service of various Debts were 1,972,834.59  
 ----- \$2,894,425.30

Deducting therefrom—

Ordinary Expenditure ... 854,677.64  
 and Service of sundry Debts ... 666,002.19  
 ----- 1,520,679.83

A Balance of ... \$1,373,745.47  
 remained in Securities and Cash, which was partly employed in payment for the extension of the Railway from Paraguari to Villa Rica.



The Public Debt on the 1st of January, 1887, consisted of the following Items :—

#### I.—INTERNAL DEBT.

Orders and Bills payable ... ..	\$179,435.59
Salary claims decreed to be paid ... ..	1,338.10
Credit at the National Bank ... ..	158,233.65
Public Funds ... ..	26,813.60
Fiduciary Bonds (Balance Purchase of Railway)... ..	<u>1,101,666.34</u>
Total Internal Debt ... ..	<u>\$1,467,487.28</u>

The Minister in his Report anticipates that at the end of 1887 the only Internal Debt left will be the open credit at the National Bank, for he considers the above Fiduciary Bonds not as a debt, but a productive investment of capital represented by sufficient assets.

#### II.—EXTERNAL DEBT.

English Debt of 1886 (£850,000) ... ..	\$4,250,000.00
Brazilian Indemnity Bonds ... ..	\$8,960,183.03
Interest on ditto .. ...	<u>916,283.21</u>
	9,876,466.24
Argentine Indemnity Bonds ... ..	6,417,323.49
Interest on ditto ... ..	<u>1,322,033.30</u>
	7,739,356.79
Total External Debt ... ..	<u>\$21,865,823.03</u>

The Minister concludes his Report by specially commending the efforts and labours of the public functionaries who have contributed in no small degree to the improvement in the financial and economical situation of the country.

All reports which reach this country from various sources seem to be unanimous in their comments as to the

rapid progress in the material resources of the country. The number of the population is also increasing.

According to a census taken on the 1st March, 1887, the population of Paraguay was reckoned at 239,774 souls, as follows :—

Paraguayans	...	...	...	...	231,878
Argentines	...	...	...	...	4,895
Italians	...	...	...	...	825
Brazilians	...	...	...	...	530
Germans	...	...	...	...	476
Various	...	...	...	...	1,170
Total					239,774

Or about double that of 1879. Asuncion, the capital, has 24,838 inhabitants.

The Agricultural Returns for 1887 are :—

Cattle	...	...	...	...	£730,000
Sheep	...	...	...	...	32,000
Horses	...	...	...	...	62,000
Goats	...	...	...	...	11,000
Pigs	...	...	...	...	12,000

Horses and cattle have more than trebled since 1876.

A Concession has been granted by the Government to General Osborne, an American citizen, for the construction of a Railway from Asuncion to Bolivia, and it was stated also by the President that a Treaty of Commerce had been entered into with the latter country, by which Bolivia would be enabled to open a Port on the Paraguay River, and thus secure access to the Atlantic.

A Concession for the purchase of the Government Rail-

way (Asuncion to Villa Rica), and its extension to Encarnacion, was granted to Dr. Stewart.

The existing Railway was to be purchased for \$2,100,000, and the payment of this sum is to be one-half in cash, and the remainder proportionately to the rate of completion of the sections now being built between Paraguari and Villa Rica, in accordance with the terms of the contract entered into between the Government and Señor Patri.

Other clauses in the Concession state that the Government shall transfer the Railway to the Concessionnaire within eight months of the date of the contract; and should the Concessionnaire fail to make the stipulated payment within the same period, the contract is to be null and void.

The works are to be commenced upon the completion of the section now in course of construction to Villa Rica, and to be opened for traffic within three years from the commencement of the works. In case of non-completion in the specified time, the Concessionnaire is to pay a fine of \$8,000 per month. The maximum cost of construction is not to exceed 30,000 hard dollars per kilometre, the Government guaranteeing 6 per cent. interest per annum for twenty years. The working expenses are not to exceed 55 per cent. of gross receipts, and the nett earnings of the line are to be handed to the Government every half-year, until the advances made for the payment of guarantees are recouped. If the nett earnings exceed 6 per cent., half of the surplus is to be reserved for improvements. The Concessionnaire is also to erect a line of telegraph between Asuncion and Encarnacion, which is to be worked by the Government, who are to forward the Company's messages free. Further clauses reserve to the Government the right of fixing the tariff when the nett earnings exceed 12 per

cent. per annum. The mails are to be carried free, and a reduction of 50 per cent. on fares is to be allowed to troops, Government employés, and colonists. All State lands required in connection with the line are to be ceded free, whilst private properties which may be required are to be expropriated. The Concessionnaire is to deposit 100,000 hard dollars as a guarantee of good faith.

The establishment of a direct line of steamers between Europe and Paraguay is contemplated by a Liverpool firm.

## PERU.

### THE PISCO TO YCA RAILWAY FIVE PER CENT.

#### LOAN OF 1869.

Original amount issued ...	...	...	...	£290,000
Amount outstanding ...	...	...	...	264,680
„ deposited ...	...	...	...	264,460

#### Committee.

Right Hon. E. P. Bouverie,  
*Chairman.*  
F. Campion, Esq.  
Lieut.-Col. H. M. Le Champion.  
R. Eykyn, Esq.

J. Leigh S. Hatton, Esq.  
G. T. Rait, Esq.

*Secretary.*  
Charles O'Leary, Esq.

Since the date of the Report for the year ending on the 31st December, 1886, no payment has been made by the Committee of Peruvian Bondholders on account of the balance of £174,680 due to the Pisco to Yca Bondholders under the Agreement of the 8th of May, 1885, for "the sale and purchase of Pisco to Yca Bonds."

Under this Agreement, the Pisco to Yca Bondholders are entitled to 50 per cent. of all moneys coming to the Peruvian Committee from any source whatever. But, if on the 31st of December, 1888, the balance still due shall not have been paid, the Agreement provides as follows:—

If the whole of the said purchase-money shall not be paid on or before the 31st December, 1888, the Depositaries shall within six calendar months after receiving notice in writing, to be given to them by the Corporation for such purpose, or sent by registered post to the last known addresses of the Depositaries, at any time after the 31st of December, 1888, realise by sale or otherwise the said Bonds, or a sufficient part thereof to provide in full after discharge of expenses the balance of the purchase-money then remaining unpaid, and shall pay the same to the Corporation in discharge thereof. Provided always that no sale shall be made of any part of the said Bonds (without the consent of the Pisco to Yca Committee) except at a price sufficient to discharge the whole of the said balance of purchase-money in full, and if the Depositaries shall not within the period aforesaid realise (unless otherwise sanctioned by the Pisco to Yca Committee) a sum sufficient to discharge such balance in full, they shall on demand return to the Corporation the Bonds so lodged with them, and all payments which shall have been made on account of the said purchase-money shall be and be deemed to be applied in the following manner, that is to say—

- 1st. In discharge of all the Coupons which shall have become due upon the said Bonds up to the date of such return.
- 2ndly. In a rateable payment on account of the principal money secured on such Bonds, and a Memorandum of such payment shall be endorsed on each of the said Bonds.

According to a circular issued on the 24th of December last, the Peruvian Committee are pursuing active negotiations, with the assistance of H. M. Government, to induce the Chilian Government, *inter alia*, to hand over to them a considerable sum of money, derived from the sale of guano, 50 per cent. of which would almost suffice to pay off the balance due to the Pisco to Yca Bondholders.

The Council have supported this claim of the Committee by means of friendly representations to the Ministers of Chili in Paris and London ; and they will continue to do so whenever an opportunity presents itself. Should, however, the term assigned by the Agreement of 1885 expire without the payment of the balance in question having been effected, the Pisco to Yca Committee will have to seriously consider what steps should be taken in the interests of the Bondholders, either under the Clause above quoted, or otherwise.

The whole of the Certificates of deposit issued by the Council, amounting to £264,460, and consisting of 2,703 Certificates of £20 and 2,104 Certificates of £100, each bearing the distinguishing number of the Bond in respect of which it was issued, have received the payment of the first instalment of 34 per cent., under the Agreement with the Peruvian Committee, and have been re-issued, duly endorsed.

### SANTO DOMINGO.

Six per Cent. Loan, 1869, outstanding ... £714,300  
In arrear from January, 1873, inclusive.

#### Santo Domingo Committee.

F. Bennoch, Esq., <i>Chairman.</i>	Robert Monckton, Esq.
Lieut.-Gen. Sir Luther Vaughan, K.C.B., <i>Deputy-Chairman.</i>	J. G. Peckham, Esq.
Right Hon. E. Pleydell Bouverie, <i>Ex-officio.</i>	Chas. Penruddocke, Esq., J.P.
E. F. Coates, Esq.	A. W. Ray, Esq.
Capt. W. Delf.	W. Richardson, Esq.
H. B. Hyde, Esq.	J. E. Wadsworth, Esq.
W. Johnson, Esq.	T. Wood, Esq.
	<i>Secretary.</i>
	Charles O'Leary, Esq.

The arrangement entered into between the Committee and General Marchena, the Special Commissioner for the Republic, in May, 1886, for the settlement of the Debt, has been rejected, as appears from the subjoined correspondence:—

COUNCIL OF FOREIGN BONDHOLDERS,  
17, MOORGATE STREET,  
LONDON, E.C.  
*July 18th, 1887.*

*To His Excellency,*

THE PRESIDENT OF THE DOMINICAN REPUBLIC,  
&c., &c., &c.

SIR,—On the 22nd May, 1886, an Agreement was entered into between General Marchena, Fiscal Agent of the Dominican Republic in Europe, and in virtue of special powers granted to him by the Government of the Republic, and the Council of Foreign Bondholders, acting with the Committee of holders of Bonds of the Republic, on behalf of such Bondholders.

The objects and purpose of that Agreement relating to the Bonds known on the London Stock Exchange as San Domingo Bonds of 1869, were set forth at length in the Agreement itself; objects which were fully believed to be mutually advantageous, both to the Government of the Republic, and the holders of those Bonds.

It was provided by the 14th Article of this Agreement, that, as regards the State, it should be subject to ratification as early as possible, in such manner as to give the same full validity, in accordance with the laws of the Dominican Republic.

Considerably more than a year has elapsed since the completion of this Agreement, but no such ratification has taken place; and the Council of Foreign Bondholders, acting with the Committee, see no reason to suppose that the ratification in question is likely to be given. They are unwilling, however, to abandon all hope of the Government taking this requisite step for the completion of the Agreement, so advantageous to the State; and we are therefore desirous to invite your Excellency's attention to this matter, and to request your Excellency to be good enough to inform the Council, at an early date, whether it is the intention, or not, of the

Government of the Republic to proceed to the ratification. The Council would remind your Excellency that the settlement proposed by the Agreement ceases to be one acceptable to the Bondholders, if time is allowed to run on without any payment in respect of claims which have long been in suspense. We would remind your Excellency that under the Agreement in question, if ratified, the first Coupon would have become payable on the 1st November, 1886, now long since past.

We wish to state, therefore, that unless the ratification, as above, is accomplished within three months of the date of this Despatch, the Council, acting with the Committee, will have no alternative but to consider the Agreement wholly at an end.

We have the honour to be,

SIR,

Your Excellency's most obedient humble Servants,

(Signed) E. P. BOUVERIE,

*Chairman of the Council of Foreign Bondholders.*

(Signed) F. BENNOCH,

*Chairman of the Committee of Santo Domingo Bondholders.*

[*Translation.*]

SANTO DOMINGO,

*4th October, 1887.*

The Right Hon. E. P. BOUVERIE, Chairman of the Council of Foreign Bondholders, and FRANCIS BENNOCH, Chairman of the Committee of Santo Domingo Bondholders, 17, Moorgate Street, London.

ESTEEMED SIRs,—On my return to this capital from the Southern Frontier of this Republic, I had the honour to receive your letter of the 18th of July last, by which you are good enough to inform me of the different points of the Convention concluded between "The Council of Foreign Bondholders" and General Marchena, as Fiscal Agent of the Republic, as well as of the arrangements of the said



Council with respect to the ratification of the above-mentioned Convention.

In answering your statement, I must mention that when General Marchena returned from his mission in Europe, he was ordered by the Government, before arriving in this capital, to go upon active service with the Army, owing to the circumstances of the Republic at the time, and he has since then had to remain away from this capital for a long time for identical reasons as I myself have had to do.

Since my return I have not yet had an opportunity of requesting a report from the Council of the Secretary of State on the subject referred to. I will do it as soon as possible; but I ought to warn you that it is not permitted to treat on such matters with the Head of the State, so that on future occasions you may address the Ministry concerned, which will be more in order and expeditious.

With distinguished consideration,

I am,

Your obedient humble Servant,

(Signed) U. HEUREAUX.

COUNCIL OF FOREIGN BONDHOLDERS,  
17, MOORGATE STREET, LONDON, E.C.  
22nd November, 1887.

*To His Excellency,*

THE MINISTER OF FINANCE OF THE  
DOMINICAN REPUBLIC.

SIR,—At the desire of the Chairman of the Council of Foreign Bondholders, and the Chairman of the Committee of Santo Domingo Bondholders, I have the honour to acknowledge the receipt of the letter of the 4th of October, which His Excellency the President was pleased to address to them, stating the circumstances which had prevented, up to that date, the ratification of the Agreement concluded last year for the settlement of the External Debt of the Republic; but promising an early consideration of the matter.

His Excellency the President is further pleased to request that all communications on that subject may henceforth be addressed direct to the proper Department of State, it being irregular to approach the

Chief Magistrate of the Republic upon subjects of the nature of the one under consideration.

I am directed in reply to express to your Excellency the regret of the Committee that the irregularity complained of should have been committed, and to assure you that the wishes of His Excellency the President shall be cheerfully complied with.

As His Excellency the President explains that he has, at the date of his letter of October the 4th, had no opportunity of requesting a Report from the Council of State on the subject referred to, and is good enough to say he will do so as soon as possible, the Council and Committee wish to express to your Excellency their hope that no further time may be lost in arriving at a decision on the subject. If this has not been done already, the Council and Committee will wait another three months from this date, before finally abandoning all hope of a satisfactory conclusion of the arrangement under consideration.

I have the honour to be,

SIR,

Your Excellency's most obedient Servant,

(Signed) CHARLES O'LEARY,  
*Secretary.*

The following reply has been received :—

[*Translation.*]

No. 441.

SANTO DOMINGO,  
16th January, 1888.

CHARLES O'LEARY, Esq.,  
&c., &c., &c.

MY DEAR SIR,—I had the honour to receive your letter of the 22nd November, of last year, No. 1984/7, which reached this Department on the 29th December last. After having acquainted myself with its important contents, in accordance with the desire of the Citizen President of the Republic, then absent from this capital, I availed myself of your intimation in the name of the Chairman of the Council of Foreign Bondholders, and of the Chairman of the Committee of Santo Domingo Bondholders, and submitted to the

Council of Ministers of State entrusted with the Executive Power of the Republic the instrument relating to the Convention concluded between General Marchena, as Fiscal Agent of the Dominican Republic, and the Council of Foreign Bondholders in London, on the 22nd May, 1886.

The Council of Ministers of State after a careful examination of that instrument, although they appreciate the efforts and labours of their Fiscal Agent in seeking an adequate solution for a question which has brought so much unpleasantness to the Dominican Republic, and although they recognise the goodwill evinced for the same purpose by the Council of Foreign Bondholders and their representatives, consider that the above-mentioned Convention, if carried out, instead of alleviating the economic situation of the Republic, which was the aim of the Government, would but aggravate it. They think that by entering into engagements which it would not be easy or possible to carry out, not being combined with other operations of credit to assist in their immediate fulfilment, they would cause those engagements, at once and irremediably, to increase the burden of the State, and would destroy its credit and compromise its honour.

These considerations, which comprehend in general terms the above-mentioned Convention, render it unnecessary and irrelevant to present the different objections to particulars and details which, in the opinion of the Government, might be urged.

Wherefore, in virtue of the above remarks, the Council of Ministers resolved on the 12th instant to refuse their approbation to the above-mentioned Convention of the 22nd May, 1886, signed by the Fiscal Agent of the Republic and the Council of Foreign Bondholders, considering it is non-existent and null and void.

In communicating to you this decision, in order that you may, as you say, communicate it to those whom it concerns, and that no further time may be lost in making known the resolution come to in the matter, I have the honour to subscribe myself with the highest consideration,

Your most obedient Servant,

(Signed), M. M. GAUTIER,

*Minister for Foreign Affairs,  
with the Portfolio of Finance and Commerce.*

It would appear from the Report of the Finance Minister to Congress that the Accounts to the 31st December, 1886, required by the Government of the different Administrations of the Republic, had not been received on the 24th of February, date of that Report, nor had the annual returns of Imports and Exports been furnished by the Custom Houses.

The penury of the Treasury has been the great difficulty with which the present Administration has had to contend since its advent to power on the 6th of January, 1887. Not only has it been impossible to meet all the items of expenditure voted in the Budget, but even the pay of the army and other equally urgent expenses in the provinces of Azua, Santo Domingo, and Seybo, and in the districts of San Pedro de Macoris and Barabona have only been defrayed by a recourse to extraordinary expedients.

As regards the provinces of Santiago, Espaillait, and La Vega, and the districts of Samana, Puerto Plata, and Monte Cristy, their wants were arranged beforehand, and provided for in accordance with contracts concluded with the Boards of Credit in those three districts by the previous Administration.

Negotiations for the resumption of business relations with the Loan Company of Santo Domingo having failed, recourse was had to the Commercial Bank, with whom an arrangement was concluded, by which the following revenues were absolutely assigned to the Bank until the complete payment of the principal and interest of the amount furnished by it.

1. The entire proceeds of the Import Dues of the Macoris Custom House, with the Port, Lighthouse,

Anchorage and Tonnage Dues of the same, together with the increased Wharfage Duty, from the 1st of January, deducting only the assignment of 2 per cent. set apart for the Foreign Debt.

2. Four per cent. nett of the Import Duties of the Santo Domingo Custom House from the 1st of January.

3. Forty per cent. of the nett revenue of the Customs of Azua and Barabona from 1st January, including Import and Export Duties, Port, Lighthouse, Anchorage and Tonnage Dues, and the increase of Wharfage Duty and Coast Permits, deducting the 2 per cent. assigned to the Foreign Debt.

4. Proceeds of Coast Permits of Santo Domingo and San Pedro de Macoris.

5. Proceeds of the Floating Debt after cancellation of the amount due to Sñr. Maxº. Grullon by resolution of same date, viz., 14th January, 1887.

6. Proceeds of sale of Stamped Paper of Santo Domingo and San Pedro de Macoris for the period of this Contract.

7. The Export Dues of Santo Domingo and San Pedro de Macoris, after cancelment of a debt of \$46,430.11, with interest at 10 per cent. per annum, due to Mr. John Wanamaker, less the amounts received by him from the said Export Dues from the 1st of September last, and of a blank credit of \$15,000.

8. The 6 per cent. hitherto assigned to the Internal Debt, after payment of the claims of the Bank under Contracts of 25th January, 12th July, and 11th August, 1886, the amounts of the claims being \$22,491.39.

For the above assignments, together with a sum of

\$63,182.80 due to the Bank on the 14th January, 1887, with an allowance of 2 per cent. interest on current account, and 1 per cent. expenses of collection, the Commercial Bank engages to deliver to the Government from the 15th January to the 30th June (1887) the sum of \$161,000 in silver coin as follows:—

\$15,000 during the second half of January.

26,000 from the 1st to 28th February.

30,000 „ 1st to 31st March.

30,000 „ 1st to 30th April.

30,000 „ 1st to 31st May.

30,000 „ 1st to 30th June.

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\$161,000

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The above amounts for the periods from January to the end of May, are not to be anticipated or discounted by the Government.

As the monthly payments will not suffice to meet the whole expenses of the three provinces and two districts, including the seat of Government, it has been necessary to frame a temporary scale of payment from the 15th January, leaving the arrears to be dealt with by subsequent arrangement.

The Internal Debt on the 31st December, 1886, amounted to ... .. \$1,284,893.91  
and the Foreign Debt to ... .. 234,817.64

The latter amount is being paid off regularly out of the special assignments; the former is awaiting better days, when it will be possible to resume its purchase by public tender.

The following Debts were outstanding on the 31st December, 1886:

To the Company of Santo Domingo	\$398,760.90
"    "    Puerto Plata	424,612.01
"    "    Monte Cristy	122,524.22
"    "    Samana	100,977.91
Extra Loan, Puerto Plata	320,760.72
J. B. Sturla & Co., Azua	38,604.70
	<hr/>
	\$1,406,240.46
	<hr/>

Debts arising out of the last civil war, which have not yet been settled, amount to a total of ... \$134,839.34

To this must be added the following amounts:

Due to the Corporation of	
Landlords ... ..	\$21,434.41
Due to A. H. Billini ... ..	9,439.36
"    J. de Rivera & Co. ...	15,910.00
"    Loan of 1st May ...	22,087.02
Balance of Loan of 16th July, 1886	18,738.32
"    "    12th " 1886	11,450.00
	<hr/>
	99,059.11
	<hr/>
	233,898.45
	<hr/>

This list does not include the amounts due to Messrs. M. C. Grullon, Gregorio Riva, Carlos M. Rojas, Alexander Baird and others, who possess special assignments.

The Revenue is already pledged under various assignments, to an extent which precludes all possibility of

raising further resources for the gradual extinction of the Debt, and there is no other means available for that object than the levying a surcharge of 8 or 10 per cent. on Imports. 50 per cent. of this surcharge from the Custom House of Santo Domingo would be assigned for payment of the Debt to the Loan Company, and the remainder, together with that collected at the other Custom Houses of the Republic, would be set aside for the cancelment of the so-called Deferred Debt, and other unpaid liabilities.

With a view to render the laws against smuggling more stringent, it is proposed to simplify the formalities to which the shipping trade is subjected. The Customs tariff also requires revision.

With regard to the claim of the Telegraph Company of the Antilles for damages during the Revolution, a sum of \$33,763.30 has been awarded, which is to be added to the Foreign Debt, reserving the right of recovering the same from the authors of the damage.

In the report to Congress of the Commission appointed to consider the Finance Minister's Report, stress is laid on the disturbed condition of the country during 1886, which had rendered it necessary to have recourse to loans in order to meet the abnormal strain upon the national finances. The Commission recommend Congress to give their approval, in the circumstances, to these operations, which were for nearly \$500,000, and express an opinion that recourse should be had to public tender for the purchase of military stores.

The Commission approve of the suspension of the payments to the Credit Company, and the diversion of the 50 per cent. of the 6 per cent. duty on Imports (aforos).



from its assignment to the redemption of the internal debt, but think that the circumstances which rendered that diversion necessary having now passed away, the payments should be resumed, and they submit a draft Decree for that purpose.

The Commission also submit a draft Decree defining the Foreign Debt for the redemption of which the 2 per cent. of Import Duties is assigned, as consisting only of such claims for damages as may be presented through Consuls or Diplomatic Agents duly authorised by their respective Governments to make them. All claims have to be considered by the Minister of Foreign Affairs.

Steps are to be taken with a view to obtain from the neighbouring Republic of Haïti, payment of a claim of \$824,377.79 due in November, 1886.

The Commission call attention to the large sums paid for interest to the various Credit Companies. During the year 1885 no less a sum than \$329,861.96 was so expended. This item is a continually increasing one, and it may be safely predicted that the time is near when the fiscal revenues will be pledged for several years in advance.

It is impossible to meet the estimates as provided by law while the Revenues are thus absorbed to the extent of almost half their amount, and the Commission thinks the Executive should treat with the different Companies with a view to a reduction of these very onerous payments. Any agreement come to would be in the interest of the Companies themselves, as the day must come when the Government will no longer be in a position to meet its engagements. Should it be impossible to come to terms, Congress will have to take such measures as the state of the Treasury may render necessary.

## SPAIN.

* Two per Cent. Coupon Bonds, 1877, out- standing ... ..	£2,040,835
Three per Cent. Consolidated Debt, outstanding, about ... ..	400,000
Four per Cent. External Bonds, 1882 ...	77,587,613
Four per Cent. Internal Bonds, about ...	77,749,600
Four per Cent. Internal Redeemable Debt of 1881, outstanding ... ..	66,540,210
Floating Debt ... ..	6,309,523

\* This Debt will become extinct in 1891.

## General Committee of Holders of the External Debt.

Thus marked \* are Members of the Executive Committee.

*F. Bennoch, Esq., <i>Chairman.</i>	Captain T. Fuller.
*The Right Hon. E. Pleydell Bouverie, <i>Ex-officio.</i>	Commissary-General R. M. Gardiner.
Augustus B. Abraham, Esq.	James Gardner, Esq.
General Sir George Balfour, K.C.B., M.P.	John Goddard, Esq.
*W. H. Bishop, Esq.	Wm. Grain, Esq.
*Lionel N. Bonar, Esq.	G. de G. Griffiths, Esq., M.D.
The Right Hon. the Earl of Carnwath.	W. Griffith, Esq.
Andrew Cassels, Esq.	Rev. W. B. Harrison.
*M. Castello, Esq.	*Geo. Herring, Esq.
J. W. Chater, Esq.	Rev. W. Hodgson.
*David Clarke, Esq.	Arthur Kimber, Esq.
John Collinson, Esq.	C. E. Lewis, Esq., M.P.
Chas. John Croke, Esq.	Chas. Magniac, Esq., M.P.
R. Dixon, Esq.	W. H. Mogg, Esq.
W. Duncan, Esq.	G. W. Obicini, Esq.
*Roger Eykyn, Esq.	D. Robinson, Esq.
Henry I. Fotherby, Esq., M.D.	Christopher Rowlands, Esq.
	Thos. Rumball, Esq., M.I.C.E.
	*H. Solomon, Esq.

G. N. Strawbridge, Esq.  
 \*C. Surgey, Esq.  
 W. Trotter, Esq.  
 John Wade, Esq.  
 \*Lieut.-Gen. Sir Luther Vaughan,  
 K.C.B.  
 Lieut.-Col. Vickers.

\*H. A. Withers, Esq.  
 Edwd. Wright, Esq.  
 Admiral of the Fleet, Sir Provo  
 Wallis, G.C.B.  
 J. Eveleigh Wyndham, Esq.  
*Secretary of the Committee.*  
 Charles O'Leary, Esq.

The important Contract for the Tobacco Monopoly, the terms and conditions of which were given in the last Report, was taken up by the Bank of Spain, and, in June last, a Company formed to work it, under the title of "Compañía Arrendataria de Tabacos," with a Capital of 60,000,000 pesetas, in 120,000 Shares of 500 pesetas each. Of these, 60,000 were taken by the Bank, 36,000 being reserved for its Shareholders. Señor Camacho at the outset accepted the Presidency of the Company, but withdrew shortly afterwards, the Company having in the meantime been successfully established. The Shares are now quoted on the Madrid Stock Exchange at 10 per cent. premium. No information has been received as to the working of the Company up to the present time; but it may be stated that in the monthly returns published in the Official Gazette the amount received for the six months ending 31st December, 1887, was 45,583,463.92 pesetas, against 64,636,450.01 pesetas for the same period in the previous year. This is apparently a serious falling-off, but it should be remembered that the contract stipulated for a payment of 90 millions per annum only for the first three years, and that, therefore, this amount does not include the whole yield of the monopoly.

The Floating Debt having, on the 1st June, 1887, reached the high figure of 153,250,000 pesetas, the Minister of Finance entered into negotiations with the Bank of Spain,

with a view to obtain the means, if not for the extinction of that Debt, at any rate to keep it within manageable limits. Accordingly, on the 22nd of that month, he presented to the Cortes a Convention entered into with the Bank of Spain, by which institution nearly all the Floating Debt is held, entrusting the Bank with the collection of all the public Revenues, with the exception of those collected by the Caja de Depositos. In return for the advantages conferred upon the Bank by the large amounts of Government money passing through its coffers, the Bank undertakes the whole service of the Treasury, becoming Paymaster-general for the nation both at home and abroad, receiving, in the case of the Coupons of the External Debt, a commission of one-half per cent. The Convention, which is to be of five years' duration, provides for a credit to the Government of not exceeding 165,000,000 pesetas, this being the amount of the capital and reserve fund of the Bank. Interest is to be chargeable only on the quarterly balances on either side, and at 1 per cent. below the average rate charged to private individuals by the Bank during the previous three months, and is never to exceed 3 per cent., unless war should break out, when it may be necessary to revise this stipulation. Should the balance against the Treasury at any time exceed 165 millions of pesetas, the Treasury is to be at liberty to issue Bonds to the amount of the excess, negotiable at three, six, nine, and twelve months, at such interest as may be agreed on, and which the Bank is to redeem at maturity for account of the Treasury. The Bank is also entrusted with the purchase of gold in bars for account of the Government to the amount of 300 millions of pesetas, the incidental expenses

attending the purchase and coinage of the same being shared equally between the Government and the Bank.

It has been stated that, among the measures to be proposed for the budget of the ensuing year, a tax of 1 per cent. on Coupons will be included, but applicable only to the Coupons of the Internal Debt.

The following are the Budget Estimates for 1887-88, as finally settled by the Cortes:—

#### BUDGET ESTIMATES FOR 1887-8.

##### EXPENDITURE.

<i>General Expenditure—</i>	Pesetas.	Pesetas.
Royal Household ... ..	9,350,000	
Legislative Houses ... ..	2,299,205	
Public Debt ... ..	274,861,752	
Justice... ..	2,167,441	
Pensions, etc... ..	59,209,728	
		338,888,126
<i>Ministerial Departments—</i>		
Presidency of the Council ... ..	231,500	
Council ... ..	917,459	
Ministry of State ... ..	5,396,658	
" Grace and Justice ... ..	59,680,656	
" War ... ..	158,343,267	
" Marine ... ..	44,572,322	
" Government ... ..	31,985,530	
" Public Works ... ..	85,061,192	
" Public Instruction ... ..	18,851,175	
" Finance ... ..	22,801,620	
" Collection of Revenues ... ..	89,023,512	
" Colony of Fernando Po ... ..	666,000	
		517,530,891
Total Expenditure ..	Pesetas 856,419,017	

## REVENUE.

<i>Contributions—</i>	Pesetas.	Pesetas
Land Tax, Cultivation, and Live Stock Tax ... ..	177,000,000	
Elementary and Secondary Education ... ..	3,075,362	
Industrial and Commercial Taxes...	43,000,000	
Royal Dues and Transfer Duties ...	31,000,000	
Mining Tax (on Area, with 1 % on Gross Returns) ... ..	3,500,000	
Tax on Titles of Nobility, etc., and Decorations ... ..	700,000	
Wine Taxes at the Free Ports of the Canaries ... ..	450,000	
Cash Received at the Consulates, etc.	1,983,000	
Official Publications, Grace and Justice, and Public Works ...	15,000	
Receipts Ministry of War ... ..	173,000	
Ditto Public Works (Forests, Highways, School of Agriculture, etc. ...	50,000	
Penal Establishments, etc. ....	1,212,000	
Sundries ... ..	1,135,000	
	<hr/>	263,293,362
<i>Taxes—</i>		
Personal Certificates ... ..	8,000,000	
Tax on State Salaries, etc. ....	15,800,000	
Deduction on Salaries of the Clergy and Nuns ... ..	3,000,000	
Tax on Salaries of Provincial and Municipal Employés ... ..	1,700,000	
Tax on Court Fees ... ..	110,000	
„ Registrar's Fees ... ..	300,000	
„ Passenger and Goods Traffic ...	12,000,000	
„ Home-Produced Sugar ... ..	550,000	
„ Provisions ... ..	93,000,000	
Sundries ... ..	263,000	
	<hr/>	134,723,000
<i>Customs—</i>		
Import and Export Duties, etc. ...		135,000,000
		<hr/>
Carried forward ... ..		533,016,362

				Pesetas.	Pésetas.
	Brought forward	...	...	...	533,016,362
<i>Monopolies—</i>					
Stamps, etc., Guns, Hunting, and					
	Fishing Licenses	...	...	48,800,000	
	Tobacco	...	...	90,000,000	
	Salt	...	...	1,220,950	
	Lotteries	...	...	77,005,000	
	Sundries	...	...	237,000	
					217,262,950
<i>State Property—</i>					
	Rent and Mines	...	...	12,167,390	
	Duties	...	...	4,307,001	
	Sundries	...	...	122,950	
	Sales of Unredeemed Property	...		17,065,100	
					33,662,441
<i>Treasury—</i>					
	Sundries	...	...	9,855,000	
	War and Marine	...	...	16,800,000	
	Extraordinary Revenue (value of			40,000,000	
	Stock of Tobacco on 1st July, 1887)				66,655,000
	Total Revenue	...		Pesetas	850,596,753

## RECAPITULATION.

		Pesetas.	£
Expenditure	...	856,419,017, or say	33,984,881
Revenue	...	850,596,753, „	33,753,839
Deficit	...	Pesetas 5,822,264, „	£231,042

N.B.—The exchange is calculated at the rate of pesetas 25.20=£1, officially fixed for the payment of employés of the Government in England.

Although a deficit is thus shown, the Minister of Finance expresses a confident hope that the Revenue will be found to yield sufficient to balance the Expenditure. The usual power is taken to issue Floating Debt to the extent of one-fourth of the estimated Expenditure.

The following Table shows the amounts required for the service of the Public Debt:—

CONSOLIDATED DEBT—

	Pesetas.	Pesetas.
Interest Perpetual 4% Debt, External	78,846,040	
„ Internal ... ..	77,848,599	
„ Non-transferable Stock in favour of Civil Corpora- tion ... ..	14,446,847	
	<hr/>	171,141,486
Redemption of Fractions of Consoli- dated Debt... ..		50,000

REDEEMABLE DEBT—

Interest and Sinking Fund of the 4 % Debt ... ..	86,841,750	
Commission of $1\frac{1}{4}$ % payable to Bank of Spain for above service ...	1,085,522	
Interest at 2 % Redeemable External Debt ... ..	1,023,170	
Sinking Fund of do. ... ..	5,385,000	
Interest on Shares of Public Works	26,638	
Sinking Fund of do. ... ..	94,146	
Interest Highway Shares ... ..	15,626	
Sinking Fund of do. ... ..	152,018	
Redemption of Personal Debt ...	100,000	
	<hr/>	94,723,870

TREASURY DEBT—

Interest and Sinking Fund Roth- schild Quicksilver Loan ... ..	3,750,000	
Floating Debt ... ..	5,000,000	
	<hr/>	8,750,000
Sundries ... ..	...	196,396
		<hr/>
		Pesetas 274,861,752



## TURKEY.

Joint Commission for the Ottoman Loans of 1858  
and 1862 appointed under the Convention of  
February, 1873.

The Right Hon. E. Pleydell  
Bouverie, *Chairman*.  
Francis Bennoch, Esq.  
Roger Eykyn, Esq.

Thomas Rumball, Esq., M.I.C.E.  
H. A. Withers, Esq.  
*Secretary*.  
Hyde Clarke, Esq.

The following Table gives the latest Returns of the present position of the Turkish Consolidated Debt (excluding Lottery Bonds), from which it will be seen :—

1st. That, in consequence of Conversions, the total amount of "Registered" Bonds in circulation is now only about £3,400,960 (as against £15,760,160 originally registered).

2nd. That the "Converted" Bonds in circulation represent about £86,599,580.

3rd. That Group I. and Series "A" Bonds amortized amount to £1,876,300; and

4th. That outstanding Old Bonds and missing Coupons, not yet converted, represent £1,010,134, or about  $1\frac{1}{10}$  per cent. only of the whole Debt. *This portion of the Debt will become absolutely forfeited on the 13th May, 1888, if not presented for conversion by that date.*

# THE OTTOMAN PUBLIC DEBT UNDER THE IRADE OF 8/20 DECEMBER, 1881.

STATE OF AFFAIRS ON THE 31ST DECEMBER, 1887.

Loans.	Nominal Reduced Capital.	Gross Amount of Registered Bonds.	Bonds Converted.			Bonds of Group I, and Series A Amortized.	Balance of Registered Bonds in Circulation.	Old Bonds not Presented, and Stamped Bonds not Converted.	Missing Coupons on Registered Bonds.
			Previously Registered.	Previously Stamped, Unstamped, and Ramazans.	Total Converted Bonds.				
1858	£ 3,445,316	£ 2,367,787	1,356,000	1,042,167	£ 2,398,167	£ 580,281	£ 431,414	£ 21,490	£ 92
1860	(f) 1,044,201	(a) 64,122	63,480	955,160	1,018,640	(d) —	550	40,773	92
1862	3,738,556	(b) 2,418,756	1,148,400	1,275,353	2,423,753	(c) 10,619	654,367	44,447	189
1863	3,973,682	(b) 176,331	165,400	3,644,770	3,810,170	—	10,759	158,516	172
1865	2,920,713	366,971	249,260	2,508,707	2,757,967	—	117,367	45,036	344
1869	12,885,600	3,069,305	2,514,180	9,648,350	12,162,530	—	553,666	167,944	1,459
1872	5,223,165	(c) 3,033,893	2,201,009	2,144,861	4,345,870	—	832,809	22,623	75
1873	15,026,198	344,251	223,640	14,554,618	14,778,258	—	120,226	127,328	385
Gen. Debt	43,968,396	3,918,744	3,236,550	39,667,675	42,904,225	—	679,802	381,977	2,392
£	92,225,827	15,760,160	11,157,919	75,441,661	(g) 86,599,580	1,206,700	3,400,960	1,010,134	5,200
(a) Increase £15,854		Arising from transfers in connection with the exchange of 1872 Ramazans.				(f) "Ramazans of Principal" Bonds of 1858, arising from a payment of 2½% on £127,000 equal to £3,492 10s., convertible at 93½% for £3,253.			
(b) Do. 5,935		Add Amortized Series A Converted Bond				(g) Less £582,000 Amortized, gives the amount in circulation.			
(c) Diminution £21,780		Total Amortization ...				£1,876,300			
(d) "Registered" Bonds of 1858.		(at a cost of £T.656,619.34.)							
(e) "Stamped" Bonds of 1858.									

## REVENUE.

The condition of Turkish Revenues, ceded under the Imperial Decree of 1881, has been so exhaustively treated in the Report recently published by Mr. Vincent Caillard, showing the results obtained by the Public Debt Administration during the quinquennial period from 1882 to 1887, that it would be entirely superfluous to review the situation again.

## TOBACCO RÉGIE.

In continuation of what is stated in the opening observations of the Council on Turkish Affairs, Bondholders will be further gratified by the more encouraging accounts in regard to the Tobacco Régie. In spite of the famine in Asia Minor, the current administrative year (ending March 13th, 1888) will show better results than any of the three preceding years, the subjoined comparative returns of the last ten months show an increase on the corresponding months of the year 1886-87 of about £T.107,551. It thus appears probable that the statement made by the Régie authorities, as mentioned by Mr. Vincent Caillard in the Report before alluded to, to the effect that they expected in the current financial year to make both ends meet, will be verified. At any rate, it may be pretty confidently predicted that, if the losses special to the Export trade to Egypt, the origin and reason of which have been more than once explained, could be left out of account, no deficit would appear on the real working of the Tobacco monopoly in Turkey. This encouraging improvement in the condition of the Régie is, doubtless, in great part, due to the special powers granted it at the commencement of the past year for dealing summarily with contrabandists.

**COMPARATIVE STATEMENT OF MONTHLY RECEIPTS  
OF THE TOBACCO REGIE DURING THE FINANCIAL  
YEARS 1886-7 AND 1887-8.**

Month.	Year 1886-87.	Year 1887-88.
	Piastres.	Piastres.
March ... ..	11,414,012	11,709,203
April ... ..	12,489,356	12,567,120
May ... ..	13,546,248	12,541,158
June ... ..	11,927,574	13,361,135
July ... ..	14,546,158	14,581,752
August ... ..	13,748,319	15,300,000
September ... ..	13,000,086	14,500,000
October ... ..	12,062,770	14,200,000
November ... ..	10,793,665	13,100,000
December ... ..	10,877,046	13,300,000
During ten months ...	Ps. 124,405,234	Ps. 135,160,368
January ... ..	10,374,441	.....
February ... ..	9,928,189	.....
	Ps. 144,707,869	.....

This is all the more welcome that an understanding has been arrived at between the Régie and the Egyptian Government, by which the hitherto increasing and most serious losses \* will be very considerably diminished. The principal heads of this understanding, which is the result of personal negotiations undertaken and ably carried out by Mr. Vincent Caillard, at Cairo, are that :

- (a.) The Egyptian Government shall tax land on which Tobacco is grown at £E.30 per feddan.

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\* In the year 1886-87 these amounted to £T.123,000, the annual Revenue collected on Tobacco exported to Egypt having been, previous to 1884 £T.155,000 ; the loss suffered was thus about 80 per cent.

- (b.) The Régie shall no longer collect Duty at Turkish ports on Tobacco exported to Egypt.
- (c.) The Egyptian Custom House shall levy a special Duty of  $4\frac{1}{2}$  piastres per kilo. (in addition to that already imposed) on Turkish Tobacco entering Egypt.
- (d.) The proceeds of this Tax shall be divided as follows : On the first million kilos. the Régie will receive the whole of the Tax levied (about £T.50,000); on all subsequent Imports of Tobacco the Régie will receive one-half of the proceeds of the Tax, the Egyptian Government the other half.
- (e.) The Régie will pay to the Egyptian Custom House 6 per cent. of its receipts under this head, on account of the increased Coastguard Service, which will be necessitated on the Mediterranean coast of Egypt; a minimum of £E.4,000 is fixed for this contribution. This arrangement has been ratified by the Régie and the Egyptian Government, and was put into force on February 1st, 1888. It is expected that the effect of the £E.30 per feddan Tax in Egypt will be to practically suppress the cultivation of the inferior Tobacco of the country, and increase the importation of Turkish Tobacco to at least 3,500,000 kilos. The full effect will probably, however, not be felt until the second year. If then the above expectations be realised, the Régie will obtain a nett Revenue of £T.113,000 instead of £T.32,000 as in the year 1886-87. In any case,

since the importation would certainly not fall below what it is at present, and since the present importation is nearer 2 than 1 million kilos., there is a practical guarantee to the Régie (by the Tax on the first million kilos.) of a nett Revenue of £T.46,000, a considerable increase on that at present collected. Thus the prospects of the Tobacco-Régie seem at last to be really brightening, and it may be fairly hoped that the losses incurred on its amount will now cease, and the no small friction which has inevitably occurred between it and the Ottoman Public Debt Administration disappear.

Of other Revenues in suspense nothing can be added to what has been said by Mr. Vincent Caillard in his Report on the first quinquennial period. They are at present Revenues *in posse*, and unfortunately it seems likely that some time must still elapse before that condition can be changed. Nevertheless, a considerable increase, amounting at a moderate estimate to about £T.200,000 per annum, will accrue to the Revenues assigned to the Ottoman Public Debt from the sources above mentioned, as compared with the amounts collected during the past two and a-half years. On the whole, therefore, Bondholders cannot be dissatisfied with the prospects of the Revenues ceded to them under the Imperial Iradé.

In the summer of the past year discussions again took place between the Ministry of Finance and the Council of Administration of the Public Debt as to the administration of Revenues to be assigned to the service of a proposed New Loan. Although the idea of the Loan was subsequently dropped, it is satisfactory to note the confidence

which the Turkish Government continues to place in the Council.

#### UNPAID DRAWN BONDS OF CERTAIN OTTOMAN LOANS.

The matter of the Unpaid Drawn Bonds of the 1863, 1865, and 1873 Loans continues to occupy the best attention of the Council of Foreign Bondholders and the Representative of the English Bondholders in Constantinople. More pains have been, perhaps, expended upon this question, and it has caused more disappointment, than any other in connection with the Ottoman Public Debt since payments were resumed. More than once a satisfactory arrangement has seemed to be secured, when a change in the Ministry of Finance, or some equally unexpected turn in affairs, has caused carefully-conducted negotiations and well-devised plans to fail at the last moment. It is hoped that the arrival of the term of prescription for the conversion of Old Bonds in May of the current year, will afford a more favourable opportunity for a settlement than has yet occurred, and that success will then attend the efforts which will be made.

#### TURKISH LOTTERY BONDS.

The Imperial Iradé of 8/20 December, 1881, fixed the nominal Capital of the "Lots Turcs" at 45.09 per cent. of the original amount, thus reducing the principal to £14,211,407. This amount participates in the Dividend paid on all classes of Turkish Stock, but, instead of receiving it in the form of interest, the amount is employed in paying off the Bonds when drawn. Of the amounts thus applicable, 25 per cent. has been assigned for distribu-

tion to the holders of Bonds drawn between 1875 and 1881 (during default), and the remaining 75 per cent. to the holders of those drawn subsequently to that date. The drawn amounts of the former class of Bonds were not to be paid integrally, but to the extent of 20 per cent. of their nominal value. Of this sum 15 per cent. has already become available, and a further payment of 5 per cent. was made last September. This completes the above-mentioned 20 per cent. These arrear Bonds, bearing all Coupons from 1st April, 1876—No. 12—must be sent to Constantinople and surrendered. As the 25 per cent. of the amount applicable to the service of this Loan is thus set free, it is calculated that the payments to be made on the Bonds drawn after 1887 may reach about 77 per cent. instead of the 58 per cent. as heretofore paid on drawings after 1881. This increase, however, cannot take place at once, as a sum of about £8,400 had to be borrowed from the Revenue, 1887-8, to complete the above-mentioned 5 per cent. Moreover, a scheme is under the consideration of the Council of Administration of the Ottoman Public Debt, under which the amounts set free by the discharge of the arrear premiums are to be applied to the purchase of Lottery Bonds in the market, with the view of maintaining the rate of 58 per cent. for drawings, as hitherto paid, when the larger demand of drawings in the future will tend to again reduce the percentage of repayment.



## VENEZUELA.

External Issue outstanding ... .. £2,679,550

### Venezuelan Committee.

Admiral of the Fleet, Sir Provo	Lieut.-General Sir Luther
Wallis, G.C.B., <i>Chairman.</i>	Vaughan, K.C.B.
Right Hon. E. Pleydell Bouverie,	E. Wright, Esq.
<i>Ex-officio.</i>	
J. W. Chater, Esq.	<i>Secretary.</i>
F. Obicini, Esq.	Charles O'Leary, Esq.

### Trustees for the Deposit of Old Securities at the Bank of England.

Lionel N. Bonar, Esq. | J. W. Chater, Esq.

The service of this Debt during the past year has been attended to with the same regularity as in former years dating from the Conversion of 1881, and the credit of Venezuela has thereby largely benefited, though not to the extent which might have been attained had the Contract with the Bondholders been scrupulously adhered to, and the rate of interest increased from 3 to 4 per cent. This omission is, however, not due to any want of faith on the part of the Government, but to the provision in the Law ratifying the Contract, which made the increase contingent on the unification of the Internal with the External Debt, a measure which it has not yet been possible to carry out.

As Bondholders are naturally interested in the currency of the country, the following remarks may prove to be of some use to them :—

Foreign gold and silver coins of numerous countries formed the bulk of the circulation of Venezuela, where they passed at certain rates for all kinds of payments, both public and private. Towards the end of 1886, a public mint was established in Carácas, and thereupon a decree was issued, prohibiting the payment of public dues in foreign silver coins, which consequently ceased to circulate. A severe monetary crisis would have ensued had not various foreign houses in Venezuela come to the assistance of the inhabitants, by exchanging these coins at equitable rates. A similar course will probably be adopted with reference to foreign gold coins, so soon as sufficient native coins shall have been issued. With this view a duty of 125 bolivares per kilogram of gold bullion exported has been imposed, in order to retain the produce of the native gold mines (principally situated in Guayana), for coining purposes.

The National Coinage Law of the 2nd June, 1887, makes henceforward the silver "bolivar" (identical with the French "franc") the national monetary unit, and refuses to recognise, in official or private transactions, any monetary values not expressed in this new national money. The Law is modelled on the provisions of the Latin Monetary Convention of December, 1865, between France, Italy, Belgium, Switzerland, and Greece, and therefore introduces the fixed ratio of  $15\frac{1}{2}$  silver as equivalent to 1 of gold, but without its practical application; for the silver 5 bolivar piece of 0.900 fineness is only legal tender for sums up to 500 bolivares. The silver pieces of 0.835 fineness are, as in above countries, legal tender for sums up to 50 bolivares. The gold and silver bolivares are coined in the identical denominations, and of the same

weight, fineness, diameter, and "remedy" (deviation from legal weight and fineness) as the French "franc" pieces. The Law provides for the immediate coining of 8,323,628 bolivares in 5 bolivar pieces, of 0.900 fineness, and of 2,774,542 bolivares in 2 and 1 bolivar, and 50 and 20 centime pieces, all of 0.835 fineness, the former being at the rate of 3.75 bolivares, the latter of 1.25 bolivares for each inhabitant. The importation and circulation of foreign silver coins is prohibited, and foreign gold coins are to be treated as merchandise, and their value determined by supply and demand.

The remittances for the service of the English Debt reach London generally in the shape of ninety days' sight sterling bills, which are bought in Venezuela at varying rates of exchange per £1 sterling. These rates are expressed in Macuquina pesos and cents (old coinage) and M.\$6.31 $\frac{1}{4}$ =£1 sterling is taken as the par rate. The cost of the remittances made during the past year fluctuated between M.\$6.22 $\frac{1}{2}$ , in February, to M.\$6.50 in September and November. The average rate is generally above par, and was M.\$6.36 $\frac{1}{4}$  for the year 1887. As the M.\$1=4 bolivares, the par rate of M.\$6.31 $\frac{1}{4}$  corresponds to 25.25 bolivares per £1 sterling.

Appended to this Report will be found some statistical information which has been collected from the official documents issued by the Government of the Republic.

From the Table No. I. it will be seen that there was a decrease in the Revenue for the year 1885-6 as compared with that of 1884-5 of 5,698,331.29 bolivares. In commenting upon this decrease, in his Report to Congress, the Finance Minister states that the situation of the Treasury has since become more favourable, and the

financial equilibrium re-established. The debt to the Commercial Bank has been paid off, whilst the Department of Public Instruction has been enabled to repay to the Government, out of the revenues ceded to it, a large portion of its Debt. Important public works are in progress, and not only is the expenditure being promptly met, but ample balances remain in the Departmental Treasuries to satisfy every claim.

The following is a comparative table showing the revenues of 1884-5 and 1885-6.

### FINANCE MINISTER'S REPORT.

COMPARATIVE TABLE, SHOWING THE REVENUE OF 1884-5 AND 1885-6 BY OFFICES.

TABLE NO. I.

	1884-5. Bolivares.	1885-6. Bolivares.
Maritime Customs, including Warehousing, Fines, etc. ...	23,364,871.84 ...	17,510,434.87
Frontier Customs ...	5,942,752.44 ...	5,228,292.18
Treasury of the Public Service ...	660,615.35 ...	997,788.79
Public Instruction ...	2,254,560.51 ...	2,796,777.37
Public Credit (Waste Lands) ...	4,713.67 ...	83,237.99
Public Works ...	192,000.04 ...	176,839.07
Territory of Yuruari ...	620,002.06 ...	547,814.35
	<u>Bols. 33,039,515.91 ...</u>	<u>27,341,184.62</u>

### REVENUE UNDER PRINCIPAL HEADS.

	1884-5. Bolivares.	1885-6. Bolivares.
Import Duties ...	22,946,583.44 ...	17,251,315.67
Warehouse Charges ...	34,097.38 ...	23,300.02
Fines ...	123,394.57 ...	41,625.31
Interest ...	139,291.86 ...	95,934.73
Stamped Paper ...	151,062.64 ...	136,405.98
Carried forward ...	\$23,394,429.89 ...	\$17,548,581.71

	1884-5. Bolivares.	1885-6. Bolivares.
Brought forward ...	23,394,429.89	17,548,581.71
Territories of Colon, Yuruari and		
Caura ... ..	773,738.75	584,585.37
Transit Tax ... ..	5,943,919.36	5,229,811.22
Stamps ... ..	1,381,605.45	1,177,630.76
Telegraphs... ..	116,532.53	186,922.05
Telephones ... ..	2,680.50	.....
Waste Lands ... ..	4,713.67	216,335.71
Redemption of "Censos" ...	11,917.01	.....
Court of Appeals ... ..	660.00	310.00
Fines for School Revenues ...	14,548.90	14,379.66
Salt Works, Leases of ... ..	541,666.67	566,666.67
Public Instruction... ..	845,829.15	1,604,456.95
Codigos (Justice?) ... ..	1,635.00	.....
Natural Productions ... ..	150.00	119.35
Bay of Maracaibo ... ..	3,820.24	6,037.60
Discount on Salaries, 2 % ...	1,668.79	33,246.79
Consular Fees ... ..	.....	107,263.06
Transfer of Contracts ... ..	.....	6,000.00
Exploitation of Minerals ... ..	.....	2,000.00
Dividends on Shares of La Guaira		
Railway ... ..	.....	56,837.72
	<u>Bols. 33,039,515.91</u>	<u>27,341,184.62</u>

## EXPENDITURE, YEAR ENDING 30TH JUNE, 1886.

	Bolivares.	Bolivares.
Maritime Customs ... ..		1,052,534.14
Territory of Yuruari ... ..		310,799.01
<i>Public Service—</i>		
Legislature... ..	706,787.79	
Presidency ... ..	100,000.00	
Federal Council ... ..	226,920.00	
Home Office ... ..	66,185.00	
Secretary of the President ...	30,625.00	
High Court of Justice ... ..	80,979.51	
Court of Appeal ... ..	77,596.00	
Ecclesiastical Stipends ... ..	233,794.57	
Penitentiaries ... ..	75,976.00	
Carried forward ... ..	1,598,863.87	1,363,333.15

M

				Bolivares.	Bolivares.
	Brought forward	...	...	1,598,863.87	1,363,333.15
	Official Publications	...	...	261,024.89	
	National Festivals	...	...	33,138.60	
	National Pantheon	...	...	3,174.53	
	Public Register	...	...	4,000.00	
	States of the Union	...	...	3,324,493.05	
	Federal Territories	...	...	383,864.64	
					5,608,559.58
<i>Fomento—</i>					
	Ministry	...	...	69,993.28	
	Immigration	...	...	57,048.90	
	Post Office	...	...	684,922.05	
	National Telegraphs	...	...	711,676.30	
					1,523,640.53
	<i>Public Instruction, Ministry of</i>	...	...		54,133.28
	<i>Public Works, Ministry of</i>	...	...		43,933.04
	<i>Finance</i>	...	...		5,460,324.48
	<i>Public Credit, Ministry of</i>	...	...		47,933.04
	<i>War and Marine, „</i>	...	...		4,523,950.48
	<i>Foreign Affairs...</i>	...	...		753,937.60
<i>Education—</i>					
	Superior	...	...	689,507.17	
	Popular	...	...	1,696,469.98	
	General Expenses...	...	...	124,992.25	
				23,200.00	
					2,534,169.40
<i>Public Credit—</i>					
	Service of Debt	...	...	4,222,002.58	
	General Expenses...	...	...	32,857.56	
					4,254,860.14
	<i>Public Works</i>	...	...		4,809,989.55
	Total	...	...	Bols. 30,978,764.27	

The following Statement gives the Estimated Revenue for the year ending 30th June, 1888, together with its assignments for the same period :—

TABLE No. II.

BUDGET LAW OF 17TH MAY, 1887, FOR THE YEAR ENDING  
30TH JUNE, 1888.

## I.—NATIONAL REVENUE.

				Bolivares.	Bolivares.
(A.) <i>Customs—</i>					
Import Dues	...	...	...	19,200,000	
Interest on ditto	...	...	...	125,000	
Fines	...	...	...	75,000	
Warehouse Dues	...	...	...	25,000	
					19,425,000
(B.) <i>Internal—</i>					
Stamped Paper	...	...	...	130,000.00	
Marine Salt Duty, $\frac{1}{3}$ part...	...	...	...	233,333.33	
Transit Tax, $\frac{1}{3}$ part	...	...	...	1,666,666.67	
Public Instruction (proceeds of)...	...	...	...	1,500,000.00	
Federal Territories	...	...	...	500,000.00	
Consular Fees	...	...	...	200,000.00	
National Telegraphs	...	...	...	180,000.00	
Public Registry	...	...	...	60,000.00	
					4,470,000
(C.) <i>States' Revenue—</i>					
$\frac{2}{3}$ of the Transit Tax	...	...	...	3,333,333.33	
$\frac{2}{3}$ of Marine Salt Duty	...	...	...	466,666.67	
					3,800,000
					<u>Bols. 27,695,000</u>

## II.—ASSIGNMENTS OF THE NATIONAL REVENUE.

				Bolivares.	Bolivares
(A.) <i>For the Public Service—</i>					
60% of Customs Duties	...	...	...	11,655,000	
The Revenues derived from Public Instruction, Stamped Paper, Federal Territories, National Telegraphs, Consulates, and Public Register					
	...	...	...	2,570,000	
Carried forward					14,225,000

	Bolivares.	Bolivares.
Brought forward ...		14,225,000
(B.) <i>For Internal Debt</i> —		
27% of the 40 units* of the Customs Duties ... ..		2,097,900
(C.) <i>For External Debt</i> —		
27% of the 40 units* of the Customs Duties ... ..		2,026,900
(D.) <i>For Foreign Claims</i> —		
13% of the 40 units* of the Customs Duties ... ..		1,010,100
(E.) <i>For Public Works</i> —		
33% of the 40 units* of the Customs Duties ... ..		2,564,100
(F.) <i>For Fomento</i> †—		
$\frac{1}{3}$ of the Marine Salt Duty ...	233,333.33	
$\frac{1}{3}$ of the Transit Tax ... ..	1,666,666.67	
		1,900,000
(G.) <i>Subsidies to the States of the Union</i> —		
$\frac{2}{3}$ of the Marine Salt Duty ...	466,666.67	
$\frac{2}{3}$ of the Transit Tax ... ..	3,333,333.33	
		3,800,000
		<u>Bols. 27,695,000</u>

16. The appropriation of the above assignments is shown in the following Statement :—

III.—APPROPRIATION OF THE ASSIGNMENTS SHOWN IN TABLE II.  
UNDER THE FOLLOWING HEADS OF EXPENDITURE :—

HOME AFFAIRS.

<i>Salaries and Allowances</i> —	Bolivares.
Senate—24 Senators and sundry Officials ...	151,077.90
Deputies—57 Deputies and sundry Officials ...	319,209.60
President ... ..	60,000.00
Carried forward ... ..	<u>530,287.50</u>

\* The Customs Duties are divided into 100 “units,” 60 of which are appropriated for general administration, and the remaining 40 distributed as shown under B to E above

† “Fomento” includes a Board for the development of the resources of the country, the encouragement of Immigration, and the Postal and Telegraph Departments.



		Bolivares.
Brought forward ... ..	530,287.50	
Federal Council, 16 Councillors, etc. ... ..	235,920.00	
Home Office, Minister, Directors, etc. ... ..	63,168.00	
Secretary of the President and Office Expenses...	30,000.00	
Supreme Federal Court, 8 Members and Staff ...	97,280.00	
Court of Appeal, 8 Members and Staff ... ..	92,900.00	
Ecclesiastical Stipends, 5 Cathedral Establish- ments, with Pension to Evicted Nuns (46,000 bolivares) ... ..	349,060.00	
Public Registry ... ..	48,720.00	
Transcript Office of the Debates of the Constituent Congress of 1830 ... ..	15,300.00	
Penitentiaries (including Rations for Prisoners)	63,030.00	
Allowance for National Festivals, 5th July, 28th Oct., 27th April ... ..	30,000.00	
National Pantheon Salaries ... ..	3,120.00	
Government House Custodian ... ..	2,400.00	
<i>Federal Territories: Administration—</i>		
Yuruari ... ..	Bols. 150,980.00	
Goagira ... ..	15,480.00	
Colón ... ..	36,455.00	
Alto Orinoco y Amazonas ... ..	72,632.38	
	<hr/>	275,547.38
<i>States of the Union: Estimated Assign- ments—</i>		
$\frac{2}{3}$ of Marine Salt Duty ... ..	466,666.67	
$\frac{2}{3}$ of Transit Tax ... ..	3,333,333.33	
	<hr/>	3,800,000.00
Less Expenses of Collection ... ..	163,077.00	
Nett Amount paid to the States	3,636,923.00	
	<hr/>	3,800,000.00
		<hr/>
	Bols. 5,636,732.88	
	<hr/>	
<i>Public Credit—</i>		Bolivares.
Ministry: Salaries ... ..	39,120	
Board of Public Credit ... ..	27,840	
	<hr/>	
Carried forward ... ..	66,960	

	Bolivares.	Bolivares.
Brought forward ...		66,960
<i>Internal Debt—</i>		
Assignment of 27% of the 40 units of Customs Revenue ...	2,097,900	
Less Salaries of Board of Public Credit, as above Bol. 27,840		
Cost of Stationery ... 600		
	<u>28,440</u>	
		2,069,460
<i>External Debt—</i>		
Assignment of 27% of the 40 units of Customs Revenue ...		<u>2,097,900</u>
		<u>Bols. 4,234,320</u>
<i>War and Marine—</i>		
Ministry : Salaries ... ..		51,960.00
Army : Officers of Troops and Fortresses ...		103,992.15
Artillery ... ..		37,000.05
Military Hospitals ... ..		31,263.60
Military Bands ... ..		35,700.00
Clothing ... ..		225,860.00
Army : 6 Battalions of Infantry, 1 Company of Artillery, and 1 of Cavalry ... ..		1,303,137.30
Pensions ... ..		294,810.28
Navy : 3 Vessels, Officers, Crews, &c. ... ..		163,876.50
1 Schooner ... ..		7,849.00
Naval School, &c. ... ..		27,254.75
Coal, 2,000 tons at 40 Bols. ... ..		<u>80,000.00</u>
		<u>Bols. 2,362,703.63</u>

## FOMENTO.

Ministry : Salaries ... ..	72,840
Immigration Boards : Salaries ... ..	17,712
Immigrants (Assisted Passages, etc.) ... ..	400,000
Post Office ... ..	555,788
Telegraphs ... ..	720,748
National Printing Office ... ..	<u>224,880</u>
	<u>Bols. 1,991,968</u>

Bolivares.

## PUBLIC INSTRUCTION.

Ministry : Salaries	...	...	...	...	...	48,720.00
Treasury...	...	...	...	...	...	26,976.00
Higher Schools and Colleges	...	...	...	...	...	818,066.88
Primary Schools	...	...	...	...	...	2,450,229.00

Bols. 3,343,991.88

## PUBLIC WORKS.

Ministry	...	...	...	...	...	48,720
Treasury	...	...	...	...	...	17,088

## Construction and Maintenance :

*Special Assignments—*

33% of the 40 units of Customs Bols. 2,164,100

 $\frac{1}{3}$  of Transit Tax ... 1,666,666.67 $\frac{1}{3}$  of Marine Salt Duty ... 233,333.33

4,464,100

Bols. 4,529,908

## FINANCE.

Ministry : Salaries	...	...	...	...	...	82,320.00
Attorney	...	...	...	...	...	7,200.00
Court of Accounts	...	...	...	...	...	32,832.00
General Offices	...	...	...	...	...	94,720.00
National Treasury	...	...	...	...	...	57,984.00
National Courts of Finance	...	...	...	...	...	91,680.00
Inspector of Customs	...	...	...	...	...	11,320.00
Customs Administrations	...	...	...	...	...	427,522.00
Coast and Frontier Guards	...	...	...	...	...	859,822.20
Lighthouses	...	...	...	...	...	8,162.00
Pilots	...	...	...	...	...	80,000.00
Payment of Interest and Redemption of certain Bonds at 1% per month	...	...	...	...	...	1,200,000.00
Stationery, etc., for the eight Ministries, etc., etc.	...	...	...	...	...	40,000.00

Bols. 2,993,562.20

## FOREIGN AFFAIRS.

							Bolivares
Ministry ... ..	...	...	...	...	...	...	84,720
Diplomatic Service ... ..	...	...	...	...	...	...	152,600
Consuls Abroad ... ..	...	...	...	...	...	...	211,200
Sundries ... ..	...	...	...	...	...	...	1,593
Foreign Claims ... ..	...	...	...	...	...	...	1,010,100

Bols. 1,460,213

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## SUMMARY OF EXPENDITURE.

							Bolivares
Home Department ... ..	...	...	...	...	...	...	5,636,732.88
Fomento ... ..	...	...	...	...	...	...	1,991,968.00
Public Instruction ... ..	...	...	...	...	...	...	3,343,991.88
Public Works ... ..	...	...	...	...	...	...	4,529,908.00
Finance ... ..	...	...	...	...	...	...	2,993,562.20
Public Credit ... ..	...	...	...	...	...	...	4,234,320.00
War and Marine ... ..	...	...	...	...	...	...	2,362,703.63
Foreign Affairs ... ..	...	...	...	...	...	...	1,460,213.00

26,553,399.59

To be reimbursed to the Department of Public Instruction, being a portion of the amount borrowed from the revenues of that Department by the Government ... .. 576,000.00

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Total ... Bols. 27,129,399.59

\* Balance available for contingencies ... .. 565,600.41

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Total Expenditure ... Bols. 27,695,000.00

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\* If this sum should not suffice for any unforeseen expenses, the difference may be made up out of the surplus balances of the different Departments, which may be transferred to the credit of any Department having a deficit.

The Treasuries of the Public Service, Public Instruction, Public Works, and Public Credit, are to make no payment which is not allowed for in the Estimates, even by order of the respective Ministers, without formally protesting, before the Registrar, in pursuance of Law XXXI. of the Financial Code, against the excess outlay.

The 13 per cent. of the 40 units of the Customs assigned for the payment of Foreign Claims has been applied as follows :—

Balance in favour of the Government on 30th June, 1885 ... ..	Bolivares.
Received from Customs during 1885-6 ( <i>i.e.</i> 13% of 40 units) ... ..	590,318.02
By interest ... ..	898,638.84
	<u>2,173.56</u>
Total ...	Bols. 1,491,130.42

*Paid to the following Legations—*

Spain ... ..	Bols. 285,449.34
England ... ..	81,244.24
Holland ... ..	79,200.00
Germany ... ..	7,409.66
Denmark ... ..	<u>5,973.99</u>
	459,277.23

Balance transferred to the 60% assigned for the Public Service ...	Bols. 1,031,853.19
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The comparative Revenue from Import Dues at the principal Maritime Ports, excluding fines and other charges, for the years 1884-5 and 1885-6, is as under :—

IMPORT DUES OF THE PRINCIPAL MARITIME PORTS.  
(EXCLUDING FINES AND OTHER CHARGES.)

	1884-5. Bolivares.	1885-6. Bolivares.
La Guaira ... ..	9,642,833.20	7,281,888.78
Puerto Cabello ... ..	6,248,719.26	4,168,891.89
Ciudad Bolivar ... ..	3,309,224.98	2,390,984.58
Maracaibo ... ..	2,150,236.94	2,371,029.46
Carúpano ... ..	644,048.77	261,662.87
La Vela ... ..	<u>87,498.43</u>	<u>105,647.49</u>
Carried forward ... ..	22,082,561.58	16,580,105.07

				1884-5. Bolivares.		1885-6. Bolivares.
Brought forward	...	...	...	22,082,561.58	...	16,580,105.07
Táchira	...	...	...	380,482.31	...	358,275.58
Puerto Guzman Blanco	...	...	...	148,629.91	...	48,879.73
Puerto Sucre	...	...	...	64,365.35	...	12,551.65
Maturin	...	...	...	90,726.57	...	128,217.73
Güira	...	...	...	107,226.65	...	108,168.57
Juan Griego	...	...	...	62,664.49	...	6,760.43
Pedernales	...	...	...	9,926.58	...	8,356.91
Totals	...			Bols. 22,946,583.44	...	17,251,315.67

FRONTIER CUSTOMS DUTIES COLLECTED AT THE PRINCIPAL  
PLACES.

				1884-5. Bolivares.		1885-6. Bolivares.
La Guaira	...	...	...	2,113,355.52	...	1,781,305.12
Puerto Cabello	...	...	...	1,647,932.88	...	1,321,954.60
Ciudad Bolivar	...	...	...	416,516.69	...	370,058.43
Maracaibo	...	...	...	1,102,805.71	...	1,196,402.90
Táchira	...	...	...	20,274.15	...	44,784.43
La Vela	...	...	...	124,733.07	...	104,636.31
Carúpano	...	...	...	193,106.40	...	100,815.54
Puerto Guzman Blanco	...	...	...	54,713.49	...	44,984.36
Puerto Sucre	...	...	...	70,363.13	...	72,621.84
Maturin	...	...	...	20,725.86	...	22,882.16
Güira	...	...	...	55,632.60	...	34,327.99
Juan Griego	...	...	...	122,592.94	...	133,518.50
Totals	...			Bols. 5,942,752.44	...	5,228,292.18

EXPORTS FROM VENEZUELA FOR 1885-6.

							Value. Bolivares.
Coffee	...	...	...	...	...	...	35,733,423
Cocoa	...	...	...	...	...	...	8,447,986
Cotton	...	...	...	...	...	...	138,744
Carried forward	...			...	...	...	44,320,153

								Value. Bolivares.
						Brought forward	...	44,320,153
Sugar	...	...	...	...	...	...	...	134,712
Starch	...	...	...	...	...	...	...	3,289
Drugs and other Medicinal Substances	...	...	...	...	...	...	...	715,514
Indiarubber	...	...	...	...	...	...	...	84,416
Tobacco	...	...	...	...	...	...	...	41,820
Spirits, etc....	...	...	...	...	...	...	...	14,294
Timber	...	...	...	...	...	...	...	308,129
Dye Woods and Dyes	...	...	...	...	...	...	...	68,779
Barley	...	...	...	...	...	...	...	128,356
Live Plants, Fruits and Vegetables	...	...	...	...	...	...	...	36,125
Provisions	...	...	...	...	...	...	...	12,872
Do. Salted	...	...	...	...	...	...	...	70,331
Wool	...	...	...	...	...	...	...	3,666
Manure	...	...	...	...	...	...	...	98,403
Hides, Horns, Bones, and Offal...	...	...	...	...	...	...	...	6,591,573
Clothing (Straw Hats)	...	...	...	...	...	...	...	60,600
Live Stock (Horses, Cattle, Sheep, etc.)	...	...	...	...	...	...	...	824,366
Gold, in Bars, Ore, etc.	...	...	...	...	...	...	...	20,513,175
Gold and Silver, in Coins	...	...	...	...	...	...	...	4,442,707
Copper, Ore, etc.	...	...	...	...	...	...	...	2,903,411
Sundries, not specified	...	...	...	...	...	...	...	927,634
Total								Bols. 82,304,325

The subjoined is the latest official return of the indebtedness of the Republic.

#### INTERNAL DEBT.

			Bolivares.
Interest paid, 1st July to 31st December, 1885	...	...	987,078.20
„ „ 1st January to 30th June, 1886	...	...	989,721.25
<hr/>			
			1,976,799.45
Bols. 367,577.13 redeemed by public tender	...	...	110,000.00
<hr/>			
Bols. 2,086,799.45			

## DEBT IN CIRCULATION ON 30TH JUNE, 1886.

	Internal.	External.	Total.
	Bolivares.	Bolivares.	Bolivares.
In circulation 1st July, 1885 ...	40,224,396.19	67,739,437.50	107,963,833.69
Issued during the year ending June 30th, 1886 ...	275,365.55	.....	275,365.55
	40,499,761.74	67,739,437.50	108,239,199.24
Decrease by conversion and purchase ... ..	1,036,020.70	.....	1,036,020.70
Totals Bols.	39,463,741.04	67,739,437.50	107,203,178.54

The movement of Bonds of 1 per cent. per month, fifth issue, has been as follows :—

	Bolivares.
In circulation on the 31st January, 1886 ... ..	2,384,693.54
Issued during 1886 ... ..	1,312,400.00
Total ... ..	3,697,093.54
Cancelled by purchase at a cost of Bols. 812,902.76 ...	1,002,247.47
Remainder in circulation on 31st December, 1886	<u>Bols. 2,694,846.07</u>



## VIRGINIA.

Tax-receivable Coupon Debt in default :—

Six per Cent. Dollar Bonds Series A, 1871 ...	\$14,221,430
"Ten-Forty" Dollar Bonds, 1879 ... ..	7,293,300

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\$21,514,730

Tax-receivable Interest to 1st January, 1888,	
on the above, in arrear ... ..	4,805,058

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Total Secured Debt in default ... ..	\$26,319,788
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## Virginian Committee.

The Right Hon. E. P. Bouverie,  
*Chairman.*

H. R. Beeton, Esq.

Walter Chinnery, Esq.

David Clark, Esq.

Joseph Hankey Dobree, Esq.

A. S. Franklin, Esq.

R. H. Glyn, Esq.

E. Humphreys, Esq.

Henry Joachim, Esq.

Silvester L'Amy, Esq.

Samuel Montagu, Esq., M.P.

D. Oppenheimer, Esq.

Captain W. W. Ross.

C. Satterthwaite, Esq.

W. Trotter, Esq.

*Secretary.*

Charles O'Leary, Esq.

Since the last Report the struggle between the State and her creditors has been carried on with undiminished vigour, and the Committee have again to express their regret that the State is still persisting in her efforts to destroy the tax-receivability of her Coupons. These efforts the Committee have met by resorting to all the expedients known to the laws of the United States, and though they have not been able to bring about any settlement of this long-disputed matter, yet they have

been successful in preventing the State from destroying the rights of the holders of the State's obligations.

The injunction suit against the Indemnity Board, alluded to in the last Report, was decided against the Bondholders, the United States Circuit Judge holding that his Court was without jurisdiction to grant it. The mandamus suit also failed because the Supreme Court of the United States decided, before it came to a hearing, that the Circuit Courts of the United States had no power to grant writs of mandamus. The Committee, however, do not consider the loss of these cases as material to the merits of the controversy.

In order to impede the use of her Coupons by taxpayers as much as possible, the State of Virginia in February, 1886, passed an Act providing that whoever should encourage any one to engage in litigation with her officers on account of rights based upon her Coupon contract should be guilty of the offence of "champerty" and be confined in prison. In March, 1886, the State also provided that any attorney-at-law who should give the benefit of his professional services to persons asserting their rights under the Coupon contract should be disbarred. In February, 1887, the Grand Jury of the City of Richmond found an indictment against Mr. James P. Cooper, the Agent of the Virginia Committee of the Council of Foreign Bondholders in Virginia, under the first of these Acts, and at the same time found an indictment against Mr. William L. Royall, the Bondholders' Counsel, under the second of them.

Mr. Royall maintained that these Acts were repugnant to the Constitution of the United States, and the Court in which they were found was therefore without jurisdiction,

and brought an action for damages in the United States Circuit Court on behalf of Mr. Cooper, and another on his own account, against the members of the Grand Jury, and announced his intention, through the public press, to sue any other Grand Jury that should indict him or his clients under either of these unconstitutional laws. For this he was indicted in the Hustings Court of the City of Richmond upon the charge of attempting to intimidate the Grand Jury in the discharge of its duty; he was tried on the indictment, convicted, and sentenced to pay a fine of \$150, and was committed to jail until the fine was paid. Mr. Royall refused to pay the fine, and was at once committed to jail. He sued out a writ of *habeas corpus* before Judge Bond of the United States Circuit Court, upon the ground that the Act under which he was convicted was repugnant to the Constitution of the United States. The United States Judge held that the Act was void, and discharged Mr. Royall from jail. This practically ended all prosecutions under these Acts.

In the spring of 1887 Mr. James P. Cooper again proceeded to Virginia, as the Agent of the Committee, and was successful in paying a large amount of license taxes in Coupons, both by verification (*i.e.*, producing the Bonds in Court and proving the Coupons genuine under the Coupon Killer Act) and by standing on a simple tender of Coupons. Many of the leading merchants of Richmond and other large cities tendered Coupons for their license taxes, and Mr. Cooper reported a growing disposition, all over the State, to use them. The Coupons offered for license taxes last spring, and those tendered through Mr. Cooper's agency in the winter of 1886, amount to a large sum. The growing use of Coupons compelled the Governor to call

the Legislature together in Extra Session in April last. The Committee at once opened communications with the Legislature, inviting their attention to the meeting of Bondholders at the Cannon Street Hotel on the 24th of September, 1886, when resolutions were passed offering to meet the State and settle the Debt on fair and reasonable terms. After considerable negotiation it was arranged to send a Commission from England to treat with the State. Sir Edward Thornton, G.C.B., and Mr. S. N. Braithwaite were entrusted with this mission and proceeded to Richmond at the end of April and met a joint Committee of the Virginia Legislature, with whom they conducted negotiations extending over several weeks. Although the English Commissioners offered to recommend to the Bondholders the acceptance of a very great reduction of their claims, both as regards principal and interest, and did all that lay in their power to effect an amicable arrangement, the mission failed. The Bondholders are referred to the joint Report of Sir Edward Thornton and Mr. S. N. Braithwaite for the details of the meeting and the terms offered by them and rejected by the Committee of the Virginia Legislature. This Report has been extensively circulated amongst the Bondholders, and copies of it are still to be had on application at the Councilhouse.

After the failure of the Commission, the Virginia Legislature at once set to work to devise measures injurious to the interests of the Bondholders. The principal Act is that passed on the 12th May, 1887, popularly known as the "Coupon Crusher." This Act provides that wherever taxpayers tender Coupons, the Commonwealth's attorneys shall institute suits against them. If the taxpayer pleads his tender of Coupons the Act re-

quires him to prove the Coupons to be genuine, but as the taxpayer does not generally hold the Bonds from which his Coupons have been detached, and as another Act of the General Assembly, referred to in the last Report, forbids him using the evidence of experts on the trial, he is unable to prove the genuineness of his Coupons, which are, consequently, treated as spurious. The ingenuity of this device is only equalled by its dishonesty. Mr. Royall at once brought suits in the United States Circuit Court to get an injunction forbidding the State's officers to put this Act in force, and Judge Bond, of the United States Circuit Court, granted the injunction prayed for. The Attorney General and others at once proceeded to violate the injunction, and were fined by Judge Bond, and committed to jail for contempt of Court. They applied to the Supreme Court of the United States for a writ of *habeas corpus*, upon the ground that the suit was substantially one against a State, and that the Eleventh Amendment to the Constitution of the United States therefore deprived the Circuit Court of jurisdiction. The Supreme Court of the United States maintained this view of the law, and discharged the defendants from custody. In doing this, however, the Supreme Court expressly and unanimously reaffirmed the doctrine of "Poindexter *v.* Greenhow," and held that the taxpayer who tenders Coupons, and is thereafter levied upon, can sue the officer levying for a trespass, as may be gathered from the following extract from the decision of the Court :—

But this is not in any way to impinge upon the principle which justifies suits against individual defendants, who, under colour of the authority of unconstitutional legislation by the State, are guilty of personal trespasses and wrongs ; nor to forbid suits against officers in their official capacity either to arrest or direct their official action by

injunction or mandamus, where such suits are authorised by law, and the act to be done or omitted is purely ministerial, in the performance or omission of which the plaintiff has a legal interest. In respect to the latter class of cases, we repeat what was said by this Court in "*Board of Liquidation v. McComb*, 92 U.S. 531, 541":—"A State without its consent cannot be sued by an individual; and a Court cannot substitute its own discretion for that of executive officers in matters belonging to the proper jurisdiction of the latter. But it has been well settled that, when a plain official duty requiring no exercise of discretion is to be performed, and performance is refused, any person who will sustain personal injury by such refusal may have a mandamus to compel its performance; and when such duty is threatened to be violated by some positive official act, any person who will sustain personal injury thereby, for which adequate compensation cannot be had at law, may have an injunction to prevent it. In such cases the writs of mandamus and injunction are somewhat correlative to each other. In either case, if the officer plead the authority of an unconstitutional law for the non-performance, or violation of his duty, it will not prevent the issuing of the writ. An unconstitutional law will be treated by the courts as null and void." An example and illustration of this class will be found in "*Seibert v. Lewis*," 122 U.S. 284."

Nor need it be apprehended that the construction of the 11th Amendment, applied in this case, will in any wise embarrass or obstruct the execution of the laws of the United States, in cases where the officers of a State are guilty of acting in violation of them under colour of its authority. The Government of the United States, in the enforcement of its laws, deals with all persons within its territorial jurisdiction as individuals owing obedience to its authority. The penalties of disobedience may be visited upon them, without regard to the character in which they assume to act, or the nature of the exemption they may plead in justification. Nothing can be interposed between the individual and the obligation he owes to the Constitution and laws of the United States, which can shield or defend him from their just authority; and the extent and limits of that authority the Government of the United States, by means of its judicial power, interprets and applies for itself. If, therefore, an individual, acting under the assumed authority of a State, as one of its officers, and under the colour of its laws, comes into conflict with the superior authority of a valid law of the United States, he is stripped of his representative character, and subjected in his person to the consequences of his individual conduct. The State has no power to

impart to him any immunity from responsibility to the supreme authority of the United States.

In contradistinction to these classes of cases, for the reasons given we adjudge the suit of "*Cooper and Others v. Marye and Others*," in which the injunctions were granted against the present petitioners, to be in substance and in law a suit against the State of Virginia. It is therefore within the prohibition of the 11th Amendment to the Constitution. By the terms of that provision, it is a case to which the judicial power of the United States does not extend. The Circuit Court was without jurisdiction to entertain it. All the proceedings in the exercise of the jurisdiction which it assumed are null and void. The orders forbidding the petitioners to bring suits, and for bringing which they were adjudged in contempt of its authority, it had no power to make. The orders adjudging them in contempt were equally void, and their imprisonment is without authority of law. It is ordered, therefore, that the prisoners be discharged.

Mr. Royall meets the decision thus: he declines to defend the suits brought under this Act, and allows the judgment to go by default. When the Sheriff comes with the execution he tenders Coupons in payment of it; if the Sheriff then levies, he sues him for a trespass, so that the decision amounts to this: that the State can bring a suit for taxes, and although it can get judgment for them, it cannot collect them.

There was an election of a new Legislature in November, 1887, which again resulted in the triumph of the Democratic party. A convention of the latter party was held at Roanoke, when they re-affirmed their determination to force the terms of the Riddleberger Settlement on the Bondholders. What this means should be explained in detail. The Riddleberger Settlement omits to provide for tax-receivable Coupons; the promise for the payment of interest rests solely on the honour and good faith of the State. Governor Lee, in his message to the new Legislature, which assembled on the 7th December,

undertakes to show that the Revenues of the State will fall short by about \$200,000 of the sum necessary to pay the interest on the whole Debt if funded under the Riddleberger Act, if existing appropriations are maintained. Supposing, therefore, that the Debt were funded under this Act, it would be within the power of the State to cease paying interest on the Riddleberger Bonds at her pleasure. The Committee therefore think it right to warn the Bondholders of the danger of surrendering their present tax-receivable Coupons and trusting solely to the good faith of the State, under the Riddleberger Act.

The Committee have always regarded the Riddleberger Act as the first step towards repudiation. It is obvious that by extravagant Appropriations and manipulation of the Public Accounts, showing the Expenditure to be increasing and the Revenue decreasing each year, it can be shown that it is impossible to pay the Riddleberger interest, and that therefore the State must again make default.

The Committee desire to say that they are confident that if the Bondholders would send in their Bonds with any past-due Coupons attached, for transmission to Virginia, they could ensure a large amount of Coupons being used under the "Verification" and "Coupon Crusher" Acts which would give the holders of the Bonds a good price for their Coupons.

There appears to be no alternative between the acceptance of the Riddleberger Settlement (with the possibility that its obligations may be repudiated when the State has got her creditors within her power) and the continuance of the contest on the present lines by aiding taxpayers in the use of Coupons, with the expectation that the latter course will ultimately force the State into a fair and reasonable settlement.



## LIBRARY.

The Council are again indebted to the Governments of the Argentine Confederation, Bavaria, Belgium, Canada, Costa Rica, Egypt, France, Guatemala, Holland, Luxembourg, Mexico, New South Wales, Paraguay, Portugal, Russia, Turkey, the United States of America, Venezuela, and Victoria, for their liberal and valuable contributions to the Library of the Corporation of Official Publications upon the financial and commercial situation of their respective countries, also to Don Joaquin D. Casaus, whose contributions on the subject of Mexican Finances and Statistics generally have proved of the greatest value.

# PRINCIPAL LOANS IN DEFAULT IN 1887-8.

Loans.	Principal outstanding.	Coupons in arrear, both inclusive.	Approximate Arrears of Interest.
COLOMBIA.			
4½ % of 1873 .....	£1,913,500 .....	{ Oct. 1st, 1879 (27th Coupon) 1st April, 1888 (61st Coupon) }	£795,298
Do. ....	{ Sundry Certificates for unpaid Coupons. }	...	10,345
	<u>£1,913,500</u>		<u>£805,643</u>

NOTE.—There are also some old securities in circulation, the conversion of which, under the earlier arrangements, has been omitted.

## FORMER CONFEDERATE STATES.

7 % of 1863 (Cotton Loan) } ...	£2,418,800 .....	{ 1st Sept., 1865 1st March, 1888 }	£3,894,268
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## ECUADOR.

1 to 6 % of 1855 ...	£1,824,000 .....	{ 1st May, 1868 1st May, 1888 }	* £373,920
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\* Calculated at 1 % per annum only.

## GUATEMALA.

5 % of 1856	£70,600 .....	{ 1st Feb., 1876 31st Dec., 1887 and 5 months additional. }	£43,831
6 % of 1869	468,600	{ Two-thirds of 1st April, 1876 31st Dec., 1887 and three months' interest. }	339,735
5 % of 1863*	11,000 .....	{ 1st Feb., 1864 1st Feb., 1888 }	12,925
	<u>£550,200</u>		<u>£396,491</u>

NOTE.—A Decree for arrangement has been passed and approved by Bondholders.

\* The Bonds of 1863 were privately issued for the construction of roads, piers, bridges, etc.

Loans.	Principal outstanding.	Coupons in arrear, both inclusive.	Approximate Arrears of Interest.
HONDURAS.			
5 % of 1867 .....	£78,800 .....	{ 1st April, 1873 1st April, 1888 } ...	£61,070
10 % of 1867 .....	900,700 .....	{ 1st Jan., 1873 1st Jan., 1888 } ...	1,396,085
6½ % of 1869 .....	2,176,570 .....	{ 1st Mar., 1873 1st Mar., 1888 } ...	2,249,123
10 % of 1870 .....	2,242,500 .....	{ 1st Jan., 1873 1st Jan., 1888 } ...	3,475,875
	<u>£5,398,570</u>		<u>£7,182,153</u>

## LIBERIA.

7 % of 1871 .....	<u>£100,000</u> .....	{ 1st Aug., 1874 1st Feb., 1888 } ...	<u>£98,000</u>
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## LOUISIANA.

7 % Consolidated of  
1874 Certificates of  
Claim (\$5=£1) ...

£184,432 .....

NOTE.—Issued under notarial protests by the Council of Foreign Bondholders in London, in accordance with the resolutions of May, 1875, for the loss of 40 % principal involved in the conversion of the corresponding amount of Bonds (held in England) under the Funding Act of January, 1874.

## MISSISSIPPI.

6 % of 1831-3 (A.)	£400,000 .....	{ 1st March, 1841 1st March, 1888 } ...	£1,140,000
5 % of 1838 (B.)	1,000,000 .....	Do. ...	2,375,000
	<u>£1,400,000</u>		<u>£3,515,000</u>

NOTES.—(A.) "Planters' Bank" Bonds. (B.) "Union Bank" Bonds

## PERU.

5 % of 1869 .....	£264,680 .....	{ 1st Jan., 1876 1st Jan., 1888 } ...	£165,425
(Pisco to Yca Railroad) (A.)			
6 % of 1870 .....	11,141,580 .....	Do. (B.)	8,356,185
5 % of 1872 (D.)	20,437,500 .....	Do. (C.)	12,773,438
	<u>£31,843,760</u>		<u>£21,295,048</u>

## NOTES.

(A.) These Bonds (including overdue interest) have been sold by the Pisco to Yca Railway Committee to the Peruvian Bondholders' Committee, at par, under the Agreement of 8th May, 1885, and the first instalment of 34 per cent. has been paid thereon.

(B.) Less 4s. 9d. per cent. paid on registered Bonds in September, 1885, by the Peruvian Bondholders' Committee.

(C.) Less 4s. 5d. per cent. paid on registered Bonds in September, 1885, by the Peruvian Bondholders' Committee.

(D.) This amount is exclusive of £13,585,000 of Bonds deposited in the Bank of England against the unconverted 6% Bonds of 1870.

Loans.	Principal outstanding.	Coupons in arrear, both inclusive.	Approximate Arrears of Interest.
<b>SANTO DOMINGO.</b>			
6 % of 1869 .....	<u>£714,300</u>	... { 1st Jan., 1873 1st Jan., 1888 }	<u>£664,299</u>

### VIRGINIA.

(ESTIMATED AMOUNTS IN DEFAULT 1ST JANUARY, 1888.)

#### I. Funded Debt:—

6 per Cent. Tax Consols, issued under Act 30th March, 1871 .....	\$14,221,430	Sundry dates to 1st Jan., 1888, inclusive (receivable for Taxes)..	\$4,805,058
10/40 years' Tax Consols, issued under Act 28th March, 1879 .....	7,293,300		
6 per Cent. "Peelers," issued under Act 7th March, 1872 .....	834,417		

II. Bonds and Certificates  
issued under Acts Prior  
to 17th April, 1861,  
and under Act 2nd  
March, 1886, computed  
as funded at two-thirds  
on account of the de-  
duction for West Vir-  
ginia's proportion, viz.:

6 per Cent. Unfunded Dollar Bonds, at two- thirds (excluding \$581,800 held by U.S. Government .....	1,106,416	Do. (but not re- ceivable for Taxes).....	1,798,312
5 per Cent. Unfunded Sterling Bonds, at two- thirds .....	507,203		

Total Virginia Debt,  
issued under Acts prior  
to 14th February, 1882,  
Act, in default .....

West Virginia's one-third,  
as apportioned 1st July,  
1871 .....

<u>\$23,962,766</u>	Interest in default	<u>\$6,603,370</u>
<u>15,239,371</u>	Not yet recognised by West Virginia.	
<u><u>\$39,202,137</u></u>		<u><u>\$6,603,370</u></u>

NOTES:—1. The above Debt is in total default: but since the Act of 23rd February, 1867, full interest on the face value of all Bonds and Stocks held by Colleges in the State has continued to be paid in cash. These Colleges held on 30th September, 1887, an amount of \$1,504,971.82 in 6 per cent. and 10/40 Tax Consols and Peelers, and \$870,096.42 in Unfunded Bonds, including \$102,100 Old James River Co., and James River and Kanawha Stock.

2. In addition to the above Debt, Virginia issued under the Acts of 14th February, 1882, and 29th November, 1884, the so-called "Riddleberger" Bonds, on which the 3 per cent. interest is being paid. On the 30th September, 1887, there were \$3,209,073 of such Bonds in the hands of the public, and the Government hold also \$2,280,644 Riddlebergers under the Sinking Fund Acts of 15th March and 25th August, 1884, \$163,200 for the Board of Public Works, and \$1,179,127 on behalf of the Literary Fund.

3. *The interest maturing on the Bonds in Default, after 1st January, 1885, has been declared forfeited by the State, and is omitted in the published official reports.*

4. The Tax Consols held in England have been registered by the Council of Foreign Bondholders, and when deposited with Messrs. Martin & Co., Certificates have been issued in lieu thereof, which are quoted on the Stock Exchange.

#### SUMMARY OF PRINCIPAL LOANS IN DEFAULT IN 1887-8.

STATES.	Approximate Principal Outstanding.	Approximate Interest Arrears.
	£	£
COLOMBIA ... ..	1,913,500	805,643
FORMER CONFEDERATE STATES...	2,418,800	3,894,268
ECUADOR ... ..	1,824,000	373,920
GUATEMALA ... ..	550,200	396,491
HONDURAS ... ..	5,398,570	7,182,153
LIBERIA ... ..	100,000	98,000
LOUISIANA (CERTIFICATES) ...	184,432	—
MISSISSIPPI ... ..	1,400,000	3,515,000
PERU ... ..	31,843,760	21,295,048
SANTO DOMINGO ... ..	714,300	664,299
VIRGINIA (AT \$5 PER £1)...	4,792,553	1,320,674
WEST VIRGINIA'S ONE-THIRD DO.	3,047,874	—
Total ... ..	£54,187,989	£39,545,496

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